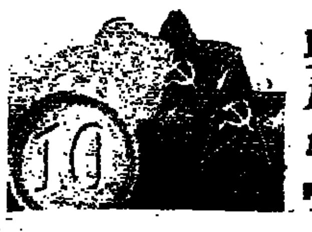
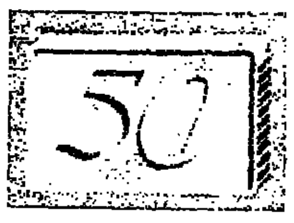
FINANCIAL TIMES



Eastern Europe

Long day's journey to the market

Page 15



Electronic purse

The everlasting smartcard

Page 10

Exotic weapons

The guns that fire toffee

Page 6

Antitrust friction

US tries to send its laws abroad

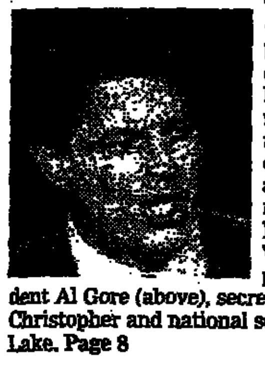
Page 12

World Business Newspaper TUESDAY MARCH 7 1995 D8523A

Yeltsin moves to liberalise Russian trade

Russian president Boris Yeltsin signed decrees *revoking all import and export privileges granted to* Russian companies in a move which could pave the way to a radical liberalisation of Russian trade. The decrees, prepared in co-operation with Russian prime minister Victor Chernomyrdin, appear to remove one of the biggest remaining hurdles to an agreement between Russia and the International Monetary Fund, which has been pressing Moscow to liberalise its foreign trade regime. Page 16; Chechnya crisis delays EU-Russia trade pact, Page 4; *The long day's journey to market, Page 15*

Ulster Unionists change weapons stance



The Ulster Unionists threw their weight behind proposals for an outside organisation to help facilitate the decommissioning of paramilitary weapons. The policy change was announced as Northern Ireland secretary Sir Patrick Mayhew, flew for talks in Washington where he plans to meet vice-president Al Gore (above), secretary of state Warren Christopher and national security adviser Tony Lake. Page 8

Turkey and EU agree customs pact: The European Union last night agreed a customs union accord with Turkey, a landmark deal which breaks Greece's block on closer economic and political ties between Ankara and the EU. Page 16

Volvo to buy out Clark's stake in VME: Swedish motor manufacturer Volvo is to take full control of VME, one of the world's largest construction and earthmoving equipment makers, by buying out Clark Equipment, its US partner, for $573m. Page 17

Dasa in Asia jet venture: Daimler-Benz Aerospace, aviation division of Germany's biggest company, teamed up with several South Korean companies, including the Samsung group, to develop a commercial jet in the 100 to 120-seat category. Page 16

UK minister quits over affair: Robert Hughes, 43, a UK junior minister, resigned after admitting to an extra-marital affair. He was the 13th member of prime minister John Major's government to leave over alleged improprieties. Page 8

Spie Batignolles plans to restructure: Spie Batignolles, quoted construction and civil engineering company controlled by Groupe Schneider, warned of substantial additional losses in 1994 as a result of depression in the French property market and plans a financial restructure. Page 17

China promises spending curbs: China pledged further curbs on wasteful spending in an effort to ease inflationary pressures and restrain its budget deficit, expected to reach Yn66.6bn ($7.9bn) this year. Page 7

WTO candidate 'too protectionist': The Clinton Administration opposes the candidacy of Renato Ruggiero, the European Union choice to head new World Trade Organisation, because he is "more protectionist than we would like", the White House said. Page 4

Hillsdown plans to sell Canadian interests: UK conglomerate Hillsdown Holdings is ending its eight-year involvement in the North American food processing industry by tentatively agreeing to sell its 56 per cent stake in Toronto-based Maple Leaf Foods. Page 17

BAe cuts borrowing costs: British Aerospace is refinancing its banking facilities for the second time in two years to cut its borrowing costs and increase the company's flexibility. Page 17

US oil group to develop Iranian field: Concoco, oil and gas subsidiary of Du Pont, is to develop two offshore Iranian oilfields, marking what is thought to be the first US investment in the country's energy sector since the Iranian revolution of 1979. Page 7

Russian crime wave 'threatens state': Russia's Security Council warned that organised crime in Russia was becoming so serious that it posed a threat to state security. Page 4

WORLD STOCK MARKETS

The world stock markets data on Pages 33, 34 and 35 in today's edition have not been updated with closing prices because of technical problems at data provider Telekurs. We apologise to readers.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	3,973.36	(-16.25)
NASDAQ Composite	794.86	(-3.93)
Europe and Far East		
CAC40	1,773.25	(-21.99)
DAX	2,070.32	(-39.17)
FT-SE 100	3,001.9	(-23.2)
Nikkei	17,040.72	(+1.1)

■ US LUNCHTIME RATES

Federal Funds	5 15/16%
3-mth Treas Bills: Yld	5.907%
Long Bond	108½
Yield	7.611%

■ OTHER RATES

UK: 3-mo Interbank	6 23/32%	(6 11/16%)
UK: 10 yr Gilt	98⅞	(98¼)
France: 10 yr OAT	95.65	(95.99)
Germany: 10 yr Bund	100.14	(99.82)
Japan: 10 yr JGB	102.686	(102.374)

■ NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$16.85	(16.79)

■ GOLD

New York: Comex		
(Apr)	$380.2	(377.8)
London:		
close	$378.4	(376.9)

■ DOLLAR

New York: lunchtime		
£	1.62275	
DM	1.3983	
FFr	4.963	
SFr	1.169	
Y	92.575	
London:		
£	1.6412	(1.6248)
DM	1.4028	(1.4329)
FFr	4.9785	(5.0437)
SFr	1.1755	(1.2123)
Y	92.915	(94.215)

■ STERLING

DM	2.3023	(2.3281)
Tokyo close:	Y 93.475	

Austria	Sch35	Greece	Dr400	Malta	Lm0.50	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK65	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£250.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es250	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Dollar slides with lack of support ■ European rates hit record lows

Currency crises lift D-Mark

By Philip Gawith and Philip Coggan in London and William Dawkins in Tokyo

Turmoil swept the foreign exchange markets yesterday, as the *failure of Friday's* central bank support for the dollar and the weekend devaluation of the Spanish peseta and Portuguese escudo caused a renewed flight to the safe haven of the D-Mark.

There was no further concerted support for the dollar, which fell to an all-time low of Y92.40 in afternoon trading in Europe having earlier touched its historic low against the D-Mark of DM2.3860 in Asian trading.

While the dollar was fairly steady in Europe, most European currencies suffered heavy losses against the D-Mark. Currencies which reached new lows included the French franc and Italian lira, the Spanish peseta and the Portuguese escudo.

In Tokyo, Mr Masayoshi Takemura, the Japanese finance minister, told an emergency meeting of government and opposition parties: "We have been intervening until now, but I'm worried as there has been no visible effect."

The Japanese government urged closer co-ordination among members of the Group of Seven *leading industrial countries to* combat exchange rate pressures. The Bank of Japan was the only *central bank to back the dollar.*

The dollar's continued fall rekindled warnings from Japanese business leaders that exporters would be unable to cope with this fresh erosion of their international competitiveness.

Elsewhere, sentiment towards the dollar remained negative, with most observers expecting it to fall further. Mr Mark Cliffe, *chief international* economist at HSBC markets in London, said: "I think the market is still gearing up for another major assault on the dollar."

Sterling was also a victim of D-Mark strength, plunging four pfennigs, and three cents, in late European trading. It was last night at DM2.2672, a record low.

Exchange rate pressures have *built up in recent weeks as the* fall-out from the Mexican financial crisis and political uncertainty in Europe has driven investors into the D-Mark. The belief that US interest rates have peaked, while German rates are expected to rise later this year, has added to D-Mark strength.

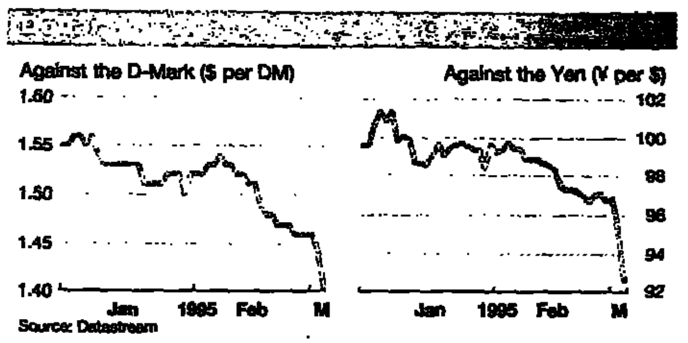
There was a conspicuous absence of comment yesterday from US and European bankers and politicians about current exchange rate tensions. Canada, *current chairman of the G7*, said there was no emergency meeting scheduled to discuss currency *markets.*

Earlier the US Federal Reserve had been forced to deny a rumour that the policy-making Federal Open Market Committee was having an emergency meeting to discuss the dollar.

After falling sharply in Asian trading, the dollar traded steadily in Europe. Dealers were reluctant to sell the dollar aggressively for fear of being caught out by further intervention. Traders said *the dollar was also in a quiet* period following the sharp falls of recent days.

Currency pressures spilled over into US and German bond markets. In the US, the 30-year Treasury bond was down by nearly a point in early New York

Continued on Page 16



Source: Datastream

Pages 2 and 3

- ☐ A test for the ERM
- ☐ Madrid's brave face
- ☐ Dollar mugged
- ☐ Yen heads for danger
- ☐ Lisbon follows reluctantly

Editorial Comment, Page 15; Lex, Page 16, Currencies, Page 27; London stocks, Page 32; World stocks, Page 36

Mexican peso falls to new low against dollar

By Stephen Fidler, Latin America Editor, in London

The Mexican peso slumped to a new all-time low against the dollar yesterday, raising questions about whether the International Monetary Fund and the US will be willing to provide further finance for the country.

The gloom over the currency *was blamed on uncertainty* about the government's economic policy and worries about *the health of the financial* system following the government takeover of a bank last week. There were also questions about the ability of the administration of President Ernesto Zedillo to handle both a deep financial crisis and a political crisis.

In an apparent reaction to Mexico's difficulties, Brazil *changed its currency regime* yesterday, prompting a fall in the Real of more than 2 per cent. However, the move was not viewed as a panic measure but rather an attempt to avoid the build-up of Mexican-type pressures on the economy.

Mr Paulo Leme, an economist at Goldman Sachs in New York, *said Mexican peso* weakness was also explained by the continued expansion this year of money *supply* by the central bank at a time of falling money demand. Excess pesos were thus being converted into dollars and putting the exchange rate under pressure.

The developments mean that foreign creditors, including the IMF and the US, may be unwilling to put up further large *amounts of credit* as part of a $50bn rescue package announced at the end of January, some observers said.

Given the criticism of the rescue package in Congress and its unpopularity in the US, "there is no way that the [US] Treasury will do it again," said Mr Rudiger Dornbusch, economics professor at the Massachusetts Institute of Technology

In Brazil, the central bank said it was introducing a system of *bands within* which the Real can float against the US dollar. It

Continued on Page 16

Brazil allows Real to fall, Page 6

Boutros Boutros Ghali, UN secretary-general, called for a "new social *contract*" as he opened the UN's poverty summit in Copenhagen, yesterday. He told the 13,000 delegates that more than one in four people lived in poverty. Members are to consider committing 20 per *cent of domestic spending to welfare programmes.* Picture: EPA

Dutch bank ING given clearance to buy Barings

By John Gapper, David Wighton and John Mason

Internationale Nederlanden Group, the Dutch bank, was yesterday cleared to acquire the *operations* of Barings, the failed UK merchant bank, in spite of the concerns of holders of £100m ($162m) *of bonds, who stand to* lose most of their money.

ING received High Court approval, as well as clearance from the Bank of England, for a deal under which it will take on losses – now estimated at £860m – *allegedly built up by Mr* Nick Leeson, its Singapore-based trader in financial derivatives.

Mr Aad Jacobs, ING chairman, said most Baring staff would be paid 1994 bonuses, although executive directors on Barings' board had waived them and senior employees directly involved in losses would also be denied them.

The deals means Barings' other creditors, depositors and customers should receive money owed to them in full. Mr Jacob said ING was "going to pay the bonuses, but you cannot expect that we will pay the bonus for example to *Mr Leeson*".

Mr Jacobs expressed faith in management and information technology systems used by Barings to control risk in the Barings Futures (Singapore) unit, formerly managed by Mr Leeson, who is *detained* in a Frankfurt prison. He said all senior executives of the group would be employed by ING, working under *Mr Hessel Lindenbergh*, its board member for investment banking, at least until the Bank of England's inquiry into the affair was *complete.* ING will take on the £860m losses, and will inject £660m into the securities, corporate *finance and asset management* arms. After taking into account original shareholders' funds of £440m, the new business will have *net assets of £240m.*

ING is not acquiring the holding company Barings plc, and is offering £5m *to purchase £100m* of perpetual subordinated capital issued in January last year. It may eventually make a further £20m payment towards re-paying these bondholders.

Mr Jacobs said ING was taking on *only liabilities* that had been discovered by yesterday, and future claims would fall on Barings plc, which is likely to be put in liquidation by the bank's administrators, Ernst & Young.

The deal, agreed with administrators on Sunday in the hope of retaining employees and clients, will allow the three Barings *operations* acquired by ING, which has £135bn of assets, to continue trading under the same names.

Vice-Chancellor Sir Richard Scott, the high court judge, said he sympathised with bondholders *who might be less well covered* by the rescue than under a liquidation. However, this was insufficient reason to block the accord.

Under liquidation, creditors of Baring Brothers, the merchant bank, would have received 60p to *70p in the pound, Baring Securities'* creditors between 20p to 30p, and those of the asset management business an uncertain amount.

Special reports .... **Page 18**

Muted bark of market watchdog .... *Page 7*

Letters, Page 14; **Editorial Comment,** Page 15; **Observer,** Page 15; **Lex, Page 16**

French utilities giant set to bid for UK water company

By Peggy Hollinger in London, Chris Tighe in Newcastle and John Ridding in Paris

Lyonnaise des Eaux, the French utilities and communications giant, *yesterday* signalled its intention to launch the first takeover bid for a major UK water and *sewerage company.*

It revealed plans to make a cash offer for Northumbrian Water, but *said* it wanted to settle the regulatory framework before putting a cash offer on the table. Analysts said yesterday *they expected a bid to* be pitched at about £8.50 a share, which would value Northumbrian at £582m ($925m). Northumbrian's shares closed last night at £8.70.

Water company shares jumped sharply, but there was little *expectation* that Lyonnaise's declaration would lead to an immediate bid for another water company, even though the first bid *for an electricity company* prompted widespread takeover speculation in the power sector.

"There is not likely to be another bid right away," said Mr Robert *Miller-Bakewell*, water analyst with Nat West Securities," although if someone wants to enter the fray, they would be sensible to declare an interest now."

Lyonnaise must clear several hurdles before it makes *its cash* bid. UK regulation requires any offer for a water company with assets of more than £30m to be referred *to the Monopolies* and Mergers Commission, which would force a bid to lapse. The potential bid would also be subject *to European Union competition* rules.

The UK's Department of Trade and Industry was in discussions with the *European Commission* yesterday, but said it expected regulatory issues to be examined by the MMC while the Commission would investigate competitive issues. The Office of Water *Services, the UK regulator, said* yesterday it saw no difficulties with a potential takeover, even *from a foreign company, as long* as customers benefited from any savings. It will contribute evidence to the MMC inquiry.

Lyonnaise said it had declared its interest in order to get the regulatory process started, which could take up to three months. It did not expect to announce a formal cash offer until the summer.

Lyonnaise described the offer as a strategic move, consistent with its policy of expanding its water activities in international markets. A series of acquisitions and investments over recent years have taken its total number of water services customers to more than 40m, of which more than 26m are outside France.

Northumbrian's initial response was frosty. "Lyonnaise's unsolicited response is unwelcome," Mr Mike Taylor, Northumbrian's finance director said.

Lex .... **Page 16**

French cast bread on Northumbrian Water .... **Page 17**

CONTENTS

No 32,618 Week No 10 LONDON · PARIS · FRANKFURT · STOCKHOLM · NEW YORK · TOKYO

NEWS: CURRENCIES IN TURMOIL

FT Correspondents look at the background and implications of the peseta and escudo devaluations

A test for the ERM and a warning for Emu

By Peter Norman and Lionel Barber

Never underestimate the capacity of policymakers to make a virtue out of necessity.

The weekend devaluations of the Spanish peseta and Portuguese escudo in the European exchange rate mechanism yesterday prompted a chorus of upbeat remarks about the state of the ERM and the prospects *for economic and monetary* union in Europe.

Mr Yves-Thibault de Silguy, who recently became European *commissioner for monetary* affairs, took what seemed a decisive shift along the spectrum from Europe's official monetary cheerleader to unashamed Pollyanna when he declared that the weekend realignment was "proof that the exchange mechanism is working well".

Through his spokesman, he *let it be known that the* planned creation of a European single currency was not affected.

Mr Theo Waigel, the generally genial German finance minister, is sometimes provoked by international monetary events into showing a more acerbic side of his character. Not so yesterday.

"The measures", he said, "underscore our readiness to make currency adjustments when necessary. This ensures the viability of the European Monetary System for the *future as well.*"

However, Europe's central banks were noticeably silent in the aftermath of the weekend activities. It was far from clear whether the 7 per cent devaluation of the peseta and the 3.5 per cent devaluation of the Portuguese escudo presaged calm in the ERM.

First, it took the secretive *European monetary committee* – the panel of national treasury and monetary officials – almost 11 hours to reach a decision at its emergency session on Sunday evening in Brussels.

The mood was soured from the outset because the Portuguese felt the Spanish call for a devaluation left them no option but to follow suit because of the inter-dependence of the two Iberian economies.

Yesterday's initial reaction on the foreign exchanges was *not encouraging. The French* franc fell to an all-time low against the D-Mark of FFr3.551.

Although still some way off the FFr3.8948 intervention point at which the Bank of France would have to sell D-Marks and buy francs, the new low for the French currency was a reminder that it had lost 2 per cent of its value against the D-Mark within a month.

For many months, the 15 per cent ERM fluctuation margins, which were agreed in August 1993 after a year of turmoil in the EMS, appeared so wide as to banish all thought of currency crisis in the ERM. The slide of the peseta and its weekend devaluation has revived this spectre.

If the French franc was *under attack yesterday, how* long would it be before foreign exchange speculators levelled their sights on other curren*cies?*

Mr Brian Martin, currency analyst at Barclays Bank in London, predicted yesterday that "ripple effects" might spread from the French franc to the Belgian franc, Danish krone and Irish punt.

In particular, Belgium's high public debt level, at 136 per cent of gross domestic product, *could undermine confidence* there.

It is just possible that the current ERM tensions are primarily a product of the dollar's weakness. On this argument, the strains in the ERM should subside once the dollar, which most analysts agree is undervalued, regains some of its strength against the D-Mark.

But ERM countries have their fair share of economic dif*ficulties. The communiqué* issued by the monetary committee highlighted Spain's fiscal problems without giving *financial markets any clear* idea of exactly how they would be resolved.

France, although experiencing a steady recovery and low inflation, worries markets because of its high unemployment rate of more than 12 per cent and a budget deficit of 5.7 per cent of GDP.

In such circumstances, and *ahead of an election, the* French government's decision to underwrite more than FFr100bn (£12bn) of doubtful loans made by Crédit Lyonnais may be understandable. But it does little for confidence.

One immediate result of the twin devaluation is likely to be the sinking of what slim hopes both Portugal and Spain entertained for joining Emu in 1997, the earliest possible date under the *Maastricht treaty.*

Under the treaty, putative Emu members must curb their annual budget deficits and *stock of government debt to 3* per cent and 60 per cent of GDP respectively, or show credible, sustainable progress toward meeting these targets.

They must also avoid devaluing the bilateral central rates of their currencies against any other member for two years.

Even allowing for the many let-out clauses in the Maastricht treaty, this exchange rate stipulation looks like ruling out Spain for Emu in 1997.

But Portuguese officials said yesterday that one of the Maastricht protocols might offer a reprieve because the ban only applied to a country which devalues "on its own initiative". In their view, the *Lisbon* government did not do this on Sunday.

However, all these argu*ments may be academic* because the target of 1997 for Emu is looking increasingly remote. When EU finance min*isters* met in Brussels last month, the UK, Germany, Ireland and Luxembourg all spoke out against promoting the idea of an early move to a single currency, pointing out that the economic fundamentals were not in place.

Notwithstanding the optimistic sentiments of EU monetary officials yesterday, the weekend's events have strengthened rather than weakened the case for caution and delay.

The ERM since 1989

- ◡ Jun 1989: Peseta enters ERM (with wide 6 per cent bands)
- ◡ Oct 1990: Sterling enters ERM (with wide 6 per cent bands)
- ◡ Apr 1992: Escudo enters ERM (with wide 6 per cent bands)
- ◡ Sep 1992: Lira and sterling leave ERM; peseta devalued 5 per cent
- ◡ Nov 1992: Peseta and escudo devalued 6 per cent
- ◡ Feb 1993: Irish pound devalued 10 per cent
- ◡ May 1993: Peseta devalued 8 per cent, escudo 6.5 per cent
- ◡ Aug 1993: ERM fluctuation bands widened to 15 per cent
- ◡ Mar 1995: Peseta devalued 7 per cent, escudo 3.5 per cent

ERM parity grid

Bilateral central rates and selling and buying rates from March 6 1995

		Sch 100=	BFr/ LFr 100=	DKr 100=	FFr 100=	DM 100=	I£ 1=	Fl 100=	Esc 100=	Pta 100=
Austria	S		39.6809	214.174	243.586	816.927	19.6971	725.065	7.97000	9.60338
	C		34.1107	184.444	209.773	703.550	16.9629	624.417	6.86356	8.27008
Sch	B		29.3757	158.841	180.654	605.877	14.6082	537.740	5.91086	7.12200
Belgium-Lux.	S	340.420		627.880	714.030	2395.20	57.7445	2125.60	23.3645	28.1525
	C	293.163		540.723	614.977	2062.55	49.7289	1830.54	20.1214	24.2447
BFr/LFr	B	252.470		465.665	529.660	1776.20	42.8260	1576.45	17.3285	20.8795
Denmark	S	62.9561	21.4747		132.066	442.968	10.6792	393.105	4.32100	5.20640
	C	54.2270	18.4938		113.732	381.443	9.19678	338.537	3.72119	4.48376
DKr	B	46.6910	15.9266		97.9430	328.461	7.92014	291.544	3.20460	3.86140
France	S	55.3545	18.8800	102.100		389.480	9.38950	345.650	3.79920	4.55780
	C	47.6706	16.2608	87.9257		335.386	8.08631	297.661	3.27188	3.94237
FFr	B	41.0533	14.0050	75.7200		288.810	6.96400	256.350	2.81770	3.39510
Germany	S	16.5050	5.63000	30.4450	34.6250		2.80090	(103.058)*	1.13280	1.36500
	C	14.2136	4.84837	26.2162	29.8164		2.41105	88.7526	0.975561	1.17548
DM	B	12.2410	4.17500	22.5750	25.6750		2.07690	(76.4326)*	0.840140	1.01230
Ireland	S	6.84544	2.33503	12.6261	14.3599	48.1696		42.7439	0.469841	0.566120
	C	5.89521	2.01090	10.8734	12.3666	43.4757		36.8105	0.404620	0.487537
I£	B	5.07688	1.73176	9.36403	10.6500	35.7143		31.7007	0.348453	0.419858
Netherlands	S	18.5963	6.34340	34.3002	39.0091	(130.834)*	3.15450		1.27637	1.93793
	C	16.0149	5.46286	29.5389	33.5953	112.8730	2.71662		1.09920	1.32445
Fl	B	13.7918	4.70454	25.4385	28.9381	(97.0325)*	2.33952		0.946611	1.14060
Portugal	S	1691.80	577.090	3120.50	3549.00	11903.30	286.983	10564.0		139.920
	C	1456.97	496.984	2687.31	3056.35	10250.50	247.145	9097.55		120.493
Esc	B	1254.70	428.000	2314.30	2632.10	8827.70	212.838	7834.70		103.770
Spain	S	1404.10	438.944	2589.80	2945.40	9878.50	238.175	8767.30	96.3670	
	C	1209.10	412.461	2230.27	2536.54	8507.18	205.113	7550.30	82.9927	
Pts	B	1041.30	355.206	1920.70	2184.40	7326.00	176.641	6502.20	71.4690	

S = Exchange rate at which the central bank of the country in the left hand column will sell the currency identified in the row at the top of the table.
C = Bilateral central rate.
B = Exchange rate at which the central bank of the country in the left hand column will buy the currency identified in the row at the top of the table.
*These buying and selling rates will not be operational. Reflecting a bilateral agreement between the German and Dutch monetary authorities, the following rates will continue to apply: Netherlands (100DM: selling 115.2350, buying 110.1675); Germany (100FL: selling 90.7700, buying 86.78).
Notional central rates for the DRA, ITL and GBP are respectively 292.867 DRA, 2106.15 ITL, and 0.786652 GBP to the ECU.
Source: Bank of England

■ **VIEW FROM SPAIN AND PORTUGAL – by Tom Burns in Madrid and Peter Wise in Lisbon**

Madrid puts on a brave face

The Spanish government yesterday put on a brave face over the peseta's devaluation, claiming that the Spanish currency could still be a member of a hard core of EU currencies. "Our [devaluation] decision does not substantially alter the possibility that Spain may be in a position to join European Monetary Union in 1997," Mr Alfredo Pastor, secretary of state for the economy, said yesterday.

The view from Madrid was that the decision was not justified by Spain's economic fundamentals. "We are facing a situation over which we have no real control because it has to do with the D-Mark's revaluation against the US dollar," Mr Pastor said.

Government officials and economic analysts said the devaluation – the currency's fourth since 1992 – left the peseta significantly under-valued.

Madrid requested an emergency meeting of the European monetary committee after the dollar's renewed fall on Friday brought the D-Mark to new heights against the peseta.

The move to lower the peseta's ERM "floor" against the D-Mark from Pta91.91 to Pta98.79 had the required effect yesterday in relieving pressure on the currency. However, if the devaluation had not taken place, the peseta would probably have had to leave the ERM, following the departure *from the system of sterling and the lira in* September 1992.

The Madrid officials who attended the monetary committee meeting on Sunday *night are understood to have sought a* devaluation of as much as 10 per cent. This was opposed by Portugal's represen*tatives, who argued that such a large* devaluation would unduly affect the escudo. French representatives on the committee also opposed such a large drop *on the grounds that it could threaten the* franc.

Although the peseta predictably weakened yesterday, falling at one stage to Pta91.40 against the D-Mark from Pta88.56 on Friday, the new fluctuation bands bring Spain valuable breathing space. Analysts believe that if the turbulence affecting the dollar dies down, the peseta should soon move back towards its new central parity in the ERM of Pta85.07 against the D-Mark – similar to its recent trading range.

According to a strict interpretation of the Maastricht treaty, Spain could not join Emu on January 1 1997, for the treaty lays down that EU members may join only if they maintain exchange rate stability for two years before Emu takes place.

Mr Pastor believes, however, that if Spain meets the other Emu economic performance criteria, and if the peseta suffers no further devaluations, this rule may be stretched to allow the peseta into a hard core of EU currencies on March 6 1997, two *years after yesterday's meeting in Brus*sels.

Such optimism might appear to contradict the statement issued at the end of the *monetary committee's meeting,* which included ostensibly tough comments on Spain's record as a member of the European Monetary System. Much of the mara*thon meeting was taken up by Spanish* officials' efforts to tone down the wording on the monetary, fiscal and structural reforms needed by the Madrid government.

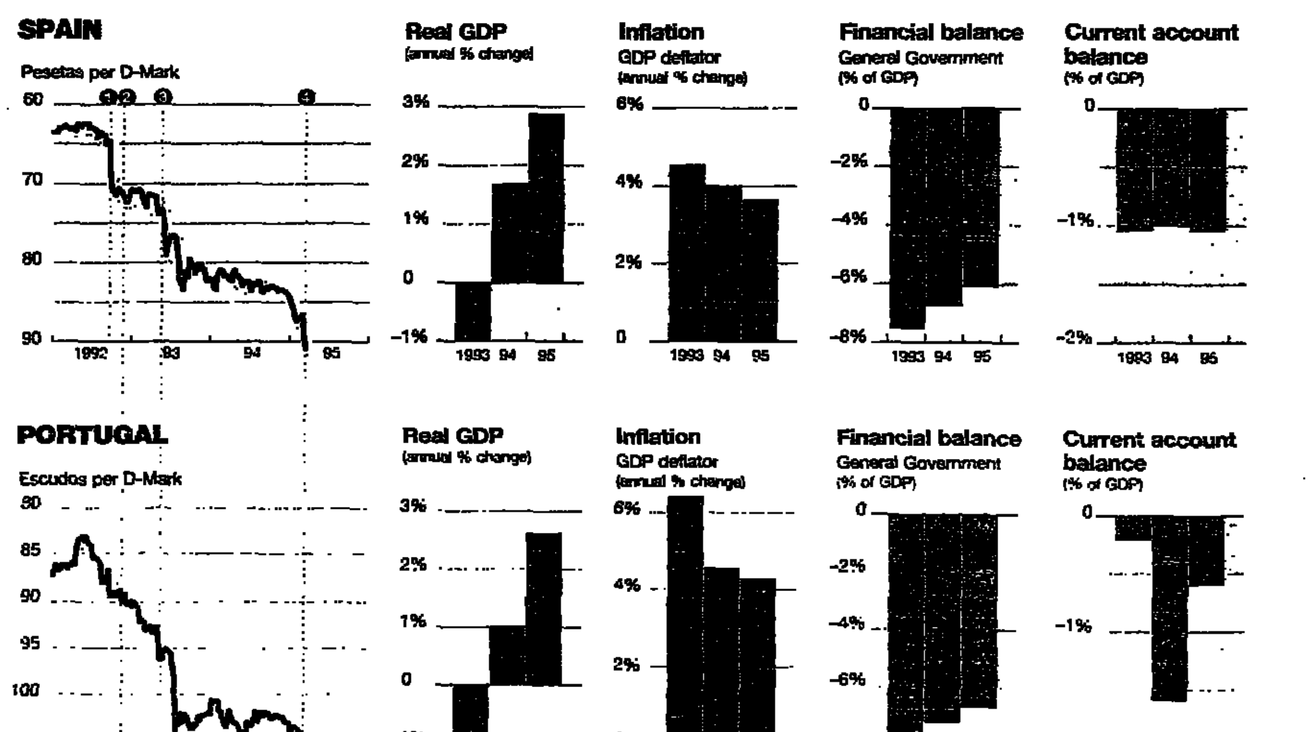
The statement said the Bank of Spain would undertake necessary measures to defend the currency, and that the Spanish government attaches "the utmost importance to the reduction of the budget deficit, and particularly, to staying within the ceilings established in the revised convergence programme".

It specified that the government would use any increased revenues to lower further the deficit and that it would take prompt action to correct spending overruns. It added that Madrid would give high priority to privatisation and it would evaluate labour market reforms adopted in 1994 to determine whether more were needed.

If the language sounded like criticism of Spain's economic and monetary policies, there was nothing in the statement that Madrid government officials had not previously pledged to carry out during last autumn's budget debates.

"Brussels *is merely saying that the gov*ernment will do what it is already doing," said Mr Jose Juan Ruiz, chief economist of the Argentaria banking group. As early as *last month the Economy Ministry, fearing* a fiscal slippage, announced a package to trim government spending to forestall overshooting the budget deficit target. Yesterday *Mr Pastor acknowledged that* Spain's ability to meet this target was in question. "It is essential for us to be as close as possible to the convergence crite*ria. We realise we have a credibility prob*lem in the EU and that the onus is on us to deliver."

The two economies in the firing-line



Source: FT Graphite

Source: OECD 1995 values are projections

Devaluations ❶ 17.9.92: Spain 5% ❷ 23.11.92: Spain 6%, Portugal 6% ❸ 14.5.93: Spain 8%, Portugal 6.5 ❹ 6.3.95: Spain 7%, Portugal 3.5%

■ **FRANCE and SWEDEN – by David Buchan and Christopher Brown-Humes**

Franc and krona come under fire

The French franc and Swedish krona yesterday came under fire after the weekend devaluations, falling to record lows *against the D-Mark.*

Attention focused particularly on the consequences for France, where currency worries pushed the Paris Bourse CAC 40 index briefly down to its lowest point since December 1992.

The flight of money chiefly out of the dollar, but also the peseta and escudo, into the D-Mark, has increased strains on the link between the franc and the D-Mark, already put under tension by uncertainties ahead of the French presidential election.

"We are a little worried about the franc," Ms Esther Baroudy, senior economist with Crédit Lyonnais, said yesterday, adding that "after breaching the FFr3.55 threshold [against the D-Mark], the next level that may be tested is FFr3.60". However, in common with other economists who regard France's economic fundamentals as generally sound, Ms Baroudy did not see any danger of the franc hitting its FFr3.89 floor in widened ERM bands.

In the face of the latest bout of pressure, the Bank of France has held its money market tender rate steady at 5.00 per cent and its 5-10 day repurchase *rate at 6.40 per cent. However* it has for some time been tightening liquidity in the system and since last week it has let *the rate for 24-hour call money* float up from 5¾ per cent to 6 per cent. Meanwhile, the rate for three-month money has *risen from 6.5 per cent to 7 per* cent over the last week.

In general terms, the Bank of France has used the wider ERM margins since August 1993 to track the Bundesbank's interest rate policy, while letting the exchange rate act as a buffer for short-term strains. The French central bank claims that the franc's latest problems are primarily the result of the dollar's decline and of electoral uncertainties at home.

Over the weekend, Mr Michel Sapin, the former finance minister who is a member of the central bank's monetary policy committee, warned presidential candidates not to let their campaign rhetoric rock the franc. In a newspaper article, he wrote, "The franc has extremely solid founda*tions, but it is still prone to* maidenly frights. Let us protect it."

The sharp drop in prime *minister Edouard Balladur's* standing in the opinion polls, and the rise in support for his fellow Gaullist Mr Jacques Chirac, and for Mr Lionel Jospin, the Socialist candidate, has caused some unease in the markets. While Mr Balladur has stressed the need to control public deficits, Mr Chirac and Mr Jospin have made job creation their top priority, even at the risk of appearing to encourage a laxer fiscal policy. According to Mr Jean-François Mercier, an analyst with Salomon Bros, these three main candidates "seem to endorse economic and monetary union, but Mr Chirac and Mr Jospin appear less enthusiastic than Mr Balladur about an early move to a single currency".

In Stockholm, the parallel fall of the krona to a record low against the D-Mark forced up interest rates sharply, hitting government efforts to cut the deep budget deficit.

The currency fell to SKr5.19 to the D-Mark at its lowest, but later rallied to SKr5.16, against SKr5.06 at Friday's close. The *unrest pushed five-year bond* yields up 25 basis points. The stock market fell 2.2 per cent.

Many analysts believe the Riksbank, the central bank, will increase interest rates today to maintain its anti-inflationary credentials.

Calls are increasing for the ruling Social Democrats to take tougher measures to cut Sweden's budget deficit, running at 11.5 per cent of gross domestic product, to reduce the country's exposure to volatility in financial markets.

"The pressure is building up for a further package of savings cuts," said Ms Annika Melander, a senior economist with Swedbank. Mr Carl Bildt, the leader of the opposition Moderate party and prime minister between 1991 and 1994, called for a further SKr20bn package of cutbacks to lift international confidence in the country's efforts to stabilise its fast-growing debt.

■ **GERMANY – By Andrew Fisher and Michael Lindemann**

Fears for German growth

Anxieties about the impact of the higher D-Mark on German economic growth, exports and employment have been sharpened by the devaluation of the Spanish peseta and Portuguese escudo.

If the D-Mark stays at its present level – having risen by 4 per cent since December on a trade-weighted basis – west German growth will barely rise above 2 per cent this year, Westdeutsche Landesbank said yesterday.

The consensus growth forecast has previously been about 3 per cent. Inflation, however, would ease to 2 per cent, WestLB said.

But the bank *thought the* D-Mark's strength might abate from now on, as this reflected political and economic weaknesses abroad and not the strength of the German economy.

It said the current high level of the D-Mark, with the dollar falling below DM1.40 yesterday compared with DM1.45 on Friday, was "speculatively overstretched".

Mr Theo Waigel, the German finance minister, welcomed the devaluation of the peseta, saying the prompt decision was proof that the *broader* ERM bands within which the European currencies are allowed to fluctuate was working well. "[The decision] ensured that the European Monetary System will also work in future," Mr Waigel said.

The fact that Spain had opted in favour of policies designed to improve exchange rate stability was also a *step in* the right direction, the German finance minister added. "It is decisive for the relationship between currencies within the European Union that they are linked to *policies which* are directed at economic convergence.

Taking a pessimistic line, Dresdner Bank doubted whether the two devaluations would be enough to ease tensions in the ERM. It said the hastily decided budget measures in Spain were inadequate to consolidate the country's finances.

Dresdner said the latest *developments in the ERM also* made the division among European currencies even clearer. The stable core of the ERM *comprised a group of countries* with a high level of economic and thus currency stability: these especially included Germany, the Netherlands and Austria.

France, Belgium and Ireland are also within this core, but further to the edge. Strong speculation against their currencies is possible, but central banks would do their utmost to keep them within the permitted fluctuation bands. The lira, sterling, the peseta and the escudo are outside this core, Dresdner said.

The bank added that further devaluations or the departure of currencies from the ERM would occur if pressure from the foreign exchange markets continued.

"To this extent, the membership of the peseta and escudo in the exchange rate mechanism is almost insignificant." Some market sources thought the Bundesbank would be happy to see the peseta leave *the ERM.*

Lisbon follows with reluctance

The Portuguese proverb "only *ill winds* blow from Spain" could not have been far from the minds of nettled Lisbon officials when they reluctantly decided that the *escudo should accompany the peseta's* devaluation.

Central bank officials played down their disenchantment by describing the realignment as merely a "technical adjustment". But being hastily forced into a decision to follow Spain's devaluation, even though the escudo was under no undue pressure, clearly rankled.

"The poor old Portuguese have been caught in a snare created by the delinquency of their neighbour," said a senior European economist with a London-based *bank.*

"Their own economic virtuosity has been ignored by everybody. It's rough, but that's life," he added

Portugal's unwilling decision to devalue was an acknowledgment that the escudo and peseta are linked in the perception of international markets, despite differences in their economies.

Economists said a failure to accompany Spain's step could have threatened the credibility of Portugal's exchange rate policy and provoked speculation against the escudo. *It was a bitter pill for Portugal after success in lowering annual infla*tion to 4 per cent in December, the lowest in 25 years.

Portugal's central budget deficit *dropped to 5.8 per cent of gross domestic* product last year from 7.4 per cent in 1993, even those these figures are lower than those for the general government deficit (including municipal authorities) issued by the Organisation for Economic Co-operation and Development.

Official reserves are at a healthy level, covering more than eight months of imports, while political tensions are lower than in Spain.

Mr João Costa Pinto, deputy governor of the Bank of Portugal, said Portugal *had decided to lower the escudo's parity* to preserve long-term confidence in the currency.

The escudo has remained within a stable band of between *Es101.5 and Es104.5* to the D-Mark since August 1993. It slipped to Es105.51 yesterday from Es103.94 on Friday.

Traders said the central bank made no significant currency intervention yesterday and money market intervention rates were left unchanged.

Mr Costa Pinto said the central bank *would continue to preserve* exchange rate stability. "We don't want to jeopardise economic recovery now that we are in a position to take advantage of the favourable evolution of inflation," he said.

But one Lisbon economist said he now expected the escudo to fall to between Es105 and Es108 to the D-Mark. He said this would damage expectations of a con*tinuing decline in inflation.*

"Portugal has lost an excellent opportunity to uncouple the escudo from the peseta," he said. "An appreciation of more than 6 per cent against the peseta over the past six months proves that the escudo need not suffer as a result of Spain's political and economic problems. But Portugal is now showing that its exchange rate policy is not, in fact, stability but simply to follow Spain."

Portuguese officials were not excessively concerned about a loss of competi*tiveness for its exports to Spain,* Portugal's second most important client, which accounts for 18 per cent of total exports. Exports to Spain rose by 20 per last year, despite appreciation of the escudo.

But Portugal clearly feared that any further devaluation of the peseta would give Spain an important edge in export markets and would also benefit Spain's tourism sector.

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Dollar mugged – but nobody seems to care

■ WHERE TO NOW – By Philip Gawith

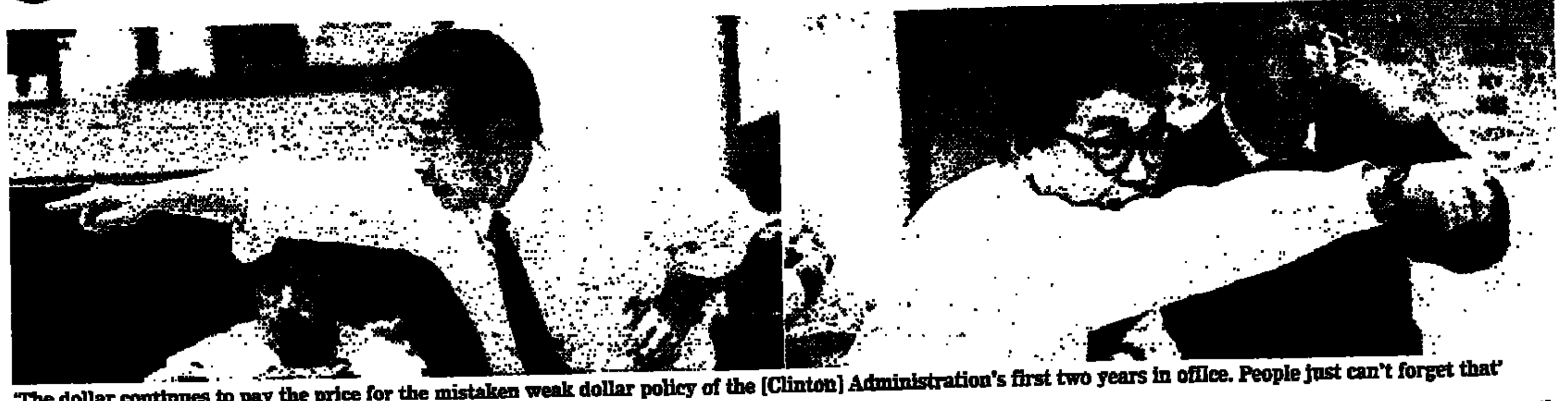
The dollar has been mugged and nobody seems to care.

That is in essence why the world's premier reserve currency has fallen to record lows against the D-Mark, yen and Swiss franc.

The initial mugging took place last December when the Mexican crisis broke. Investors left the office for Christmas with the dollar at DM1.58, up from a low of DM1.49 in early November. When they returned in January, it was at DM1.53.

Mexico hurt the dollar in various ways. Markets believe the US Treasury will have to pick up the tab for any assistance. A slowdown in Mexican growth will hurt US exports. Traders are also concerned that peso weakness might inhibit US authorities from raising interest rates, while Mexico has contributed to a general flight to safety, which has benefited the D-Mark. Subsequent events have done little to alter the dollar's status as victim of events. The strength of the D-Mark is a function of political and economic developments in Europe. Taken together with the salutary spectacle of Mexico, events in Europe have served to bolster safety-first strategies. Most investors are content to minimise risk rather than maximise profit.

This flight to safety hits the dollar twice. Not only does it suffer at the hands of the stronger D-Mark, but it becomes the victim of its reserve currency status. Mr Richard Medley, chief executive of Kouri Capital in New York, notes: "When you have a large scale liquidation of assets in the third world, a reserve currency is not a safe haven."


'The dollar continues to pay the price for the mistaken weak dollar policy of the [Clinton] Administration's first two years in office. People just can't forget that'

On the contrary, it gets sold as central banks in these countries try to defend their own currencies.

Not all of the dollar's problems start beyond its borders. Next to Mexico and Europe, the other main bugbear for the dollar has been a change in interest rate expectations.

Movements in short-term interest rates are often an unreliable guide to exchange rate moves. But the trend in the dollar/D-Mark rate has been highly correlated, since the start of the year, with the fall in the interest rate differential between US and German short rates, from 200 to around 100 basis points.

This shift in the outlook for interest rates is the result of changing views about the US and German economies. Federal Reserve officials have left the market in no doubt that they believe the US economy is slowing.

The market has thus cut its expectations of how far US interest rates will rise. Many believe that the Fed may raise rates only once more in the current tightening phase.

Simultaneously, many investors have brought forward their expectations of when German rates will rise. Germany's economy was the fastest growing in Europe during the second half of last year.

Behind the interest rate picture lurks a deeper concern about whether the US administration is concerned about the current level of the dollar. Mr Medley notes: "The dollar continues to pay the price for the mistaken weak dollar policy of this Administration's first two years in office.

"People just can't forget that," he added.

The dollar is also not a key focus for the Fed.

As Ms Susan Phillips, a Fed governor, said over the weekend: "Certainly the dollar is something we look at, but bear in mind that the United States has a very large domestic economy and I think that domestic economic considerations in many ways are certainly primary."

Thanks to the weakness of the Mexican peso and the Canadian dollar, the US's largest trading partner, the Fed can also point to the fact that the trade-weighted dollar is not weak on an historical basis.

Others argue that it is in long-term decline, the result of perpetual current account deficits, probably exacerbated by a shift out of dollars as the world's reserve currency.

In the short term, however, the speed of the dollar's fall – it has dropped by around 15 pfennigs over the past two months – makes it ripe for a short-term correction. Something more lasting is likely to require a shift in monetary policy, or interest rate perceptions, in the US, Germany or Japan.

■ DISMAY IN JAPAN – By William Dawkins

Rising yen nears the danger point

Corporate Japan yesterday uttered another chorus of dismay, as it always does when the yen touches a new high against the dollar.

Mr Shoichiro Toyoda, chairman of the Keidanren business federation, warned that the very survival of Japanese companies was threatened.

Yet somehow, those same companies, especially Mr Toyoda's own Toyota car group, one of the most efficient in the world, have always found fresh cost cuts to compensate for the damage to their international price competitiveness inflicted by previous yen rises.

The latest jump in the Japanese currency, to a record Y92.7 to the dollar in Tokyo at one moment yesterday, brought it 7.7 per cent above its level at the turn of the year and a breathtaking 32 per cent above where it stood at the end of 1992.

All this invites the question of at what point the yen's rise will start to force corporate Japan to cut costs more aggressively than its social taboo against redundancies has so far permitted. Another debate is at what level the exchange rate will throttle Japan's already weak economic recovery.

An instant poll of Tokyo economists suggests that the danger point is approaching, but is not yet here.

Economic growth will only suffer if the yen stays at its current height for between three and six months, to give time for export contracts fixed at new higher exchange rates to take effect.

For now, the market is expecting gross domestic product to rise by around 1 per cent in the current fiscal year to the end of March, and nearly to double in 1995-96. If the yen stays at the danger point until the autumn, economists will be cutting those forecasts.

But beyond that, most economists believe that the yen should, if the exchange rate were to reflect Japanese fundamentals rather than economic turmoils elsewhere, eventually weaken again against the dollar.

Japan's current account surplus is declining and its interest rates are low enough, by comparison with US interest rates, to suggest that capital should eventually flow out of Japan again.

The mechanism by which Japan's high exchange rate affects its economy, mostly for ill but also for good, works in three ways:

- **Exports:** The latest yen rise in a consequence of the weakness of the dollar. So the main risk is that there will be a drag on exports to the US, representing a third of Japan's foreign sales, which in total represent around 15 per cent of gross domestic product. Exports to Asian countries which link their currencies to the dollar would also be affected.

This matters, because stronger than expected US demand for Japanese goods last year, plus a rise in private consumption – nearly 60 per cent of gross domestic product – were the two main factors in the economic recovery, points out Mr Richard Werner, chief economist at Jardine Fleming in Tokyo.

- **Imports:** A yen-induced surge in cheap imports began two years ago and was up an annualised 22 per cent in January. This is partly bad for the economy in that imports are a direct drag on growth and erode Japanese companies' domestic market share. Foreign produced cars for example – albeit many of them made by Japanese companies abroad – took a record 6.6 per cent domestic market share in February, according to industry figures.

The rise in cheap imports is one factor in a decline in consumer prices, generally estimated at between 0.5 per cent and 1 per cent annually. Officially, inflation is stagnant, at just under 1 per cent, but the government's figures exclude discount stores, the fastest growing retail sector.

- **The industrial base:** A sustained rise in the yen is bound to hasten industrial hollowing out, the shift of production to cheaper foreign locations. At the latest count in 1993, nearly 16 per cent of Japanese manufacturing was overseas, according to the Bank of Japan; up from 14.3 per cent in 1992, but still small by comparison with the US, which keeps 27 per cent of its production offshore.

Many in the Japanese central bank see this exodus as healthy because it makes companies more efficient and productive, so long as they are not merely shifting surplus capacity abroad.

Clearly, companies with foreign factories win when the yen rises because it makes their reimported products cheaper than those of the domestic competition.

However, the shift also constrains corporate investment in Japan, an engine of previous recoveries.

With the yen at this level, Japanese groups will be even more tempted to put their new factories in Thailand.

■ LATIN LESSONS – By Stephen Fidler

Southern neighbours seeking a new model

The dollar may look weak from the Japanese or German vantage point, but it seems a pillar of strength if you are sitting in Latin America.

There the crisis provoked by Mexico's devaluation in December – which has triggered outflows of capital from most Latin American financial markets – has prompted deep questioning about the use of an exchange rate anchor to bear down on inflation.

"Once again in Latin America, fixed exchange rates have misled investors and misled governments into thinking foreign capital would come in," said Mr Arturo Porzecanski of ING Securities in New York. "We have to demystify the exchange rate." The lessons that Latin American governments draw from the onslaughts against their currencies will have a critical influence on their economic policy in years to come.

They have often come to grief from their fondness for fixing their exchange rates to the mighty greenback. The policy is popular since it often provides for a sharp fall in inflation and allows the middle classes to buy cheap imports and afford holidays in Miami. It usually comes unstuck as domestic inflation exceeds that in the US, prompting a real appreciation of the exchange rate not justified by underlying gains in productivity.

When it does unravel, as in Mexico, the shock to financial systems – and the impact on the underlying economies – can be devastating.

Just such a financial crisis and deep recession in Chile in the early 1980s – which followed a period of fixing the currency – was followed by a switch to an exchange rate policy which aimed at maintaining competiveness. This slowed the rate of decline of inflation but, along with other policies which for example raised domestic savings, has allowed Chile to escape most effects of the current crisis. Some economists argue that a Chilean model will become the dominant currency regime in the region.

The Brazilian government hinted yesterday that it might have some kind of Chilean model in mind, by allowing its currency to devalue and thereafter trade in a wide but predetermined band.

There is an alternative model which some are suggesting: a currency board. This – where money can only be created if backed by foreign currency reserves – is a tougher regime than most Latin American governments have been willing to commit themselves to this century. Argentina has done just that, fixing its peso to the dollar by law.

NEWS: EUROPE

New star in Italian television industry

By Robert Graham in Rome

Mr Vittorio Cecci Gori, the Italian film distributor and producer, has emerged as a new force in the controversial world of Italian television ownership.

Over the weekend he concluded negotiations to buy Videomusic, a small specialised music channel, from the Lucca-based Marcucci family for some L60bn (£23m), plus a further L25bn to cover outstanding debt. This is seen as the first step towards producing a new national network aimed at a broad audience and offering a general programme of films, sport and news.

Videomusic was one of three small television groups that last December won a constitutional court case challenging the 1990 law awarding the dominant commercial position to Mr Berlusconi's Fininvest three channels. The decision, to be implemented by mid-1996, is likely to lead to the loss of at least one Fininvest channel and will help Videomusic cover the country.

The weekend deal has also led to talk of Mr Cecci Gori being a potential purchaser of one of the three Fininvest channels – given the constitutional court ruling that forces divestiture and an impending referendum that could have the same effect. But Fininvest denies any such plans, indicating it is working on the planned stock market flotation of its television interests.

The 49-year-old Mr Cecci Gori, owner of Fiorentina football club and a senator for the Popular party (PPI) formed from the former Christian Democrats, will have to clear the deal with the media watchdog commission. This may require delicate negotiations since the Videomusic licence was granted on the basis of running a specialist channel.

However, the purchase would make little economic sense unless Mr Cecci Gori was able to use his huge and valuable archive of film rights, Italy's biggest. Since selling out last year his minority stake in Telepiu, the cable TV channel, he has no direct outlet for his films.

Videomusic, founded in 1984, has built up a solid audience among the young, reaching as many as 8m people. But the youth audience has provided a weak advertising base and annual turnover has been about L25bn. Latterly Videomusic developed its own limited news programming. But it covers only 65 per cent of the country because of inadequate access to frequencies.

Treaty sends Turkey westwards

EU customs union may bring stability but risks boosting unrest, reports **John Barham**

The customs union treaty between Turkey and the European Union is much more than a trade agreement. Turkish and EU negotiators hope it will not only stimulate commerce and investment but will reinforce Turkish stability by fostering economic reform and democracy.

However, there are risks. The Islamic Refah party, which may gain additional support if painful economic restructuring leads to further unemployment, sees customs union as an attempt by Turkey's westernised elite to strengthen the increasingly insecure secularist state. Yesterday Mr Oguzhan Asiltürk, Refah's deputy chairman, said: "We will abolish the customs union agreement when we take power. The real reason [for customs union] is to stop the development of Islam in Turkey."

For most Turks, however, the union symbolises the west's acceptance of Turkey as a European nation. Yesterday's newspapers carried headlines such as "Our new life begins today".

Turkey regarded as bitter blows Europe's repeated delays in fulfilling earlier pledges for a customs union, as well as the rejection of Turkey's 1987 application for full EU membership. Agreement will help restore the fortunes of Prime Minister Tansu Çiller's weak and divided government. General elections are due by November 1996, but Mrs Çiller's government may not survive beyond this autumn. The Islamic Refah party is generally thought likely to win any early election.

Mrs Çiller said yesterday the customs union was "one of the most important parts of my political mission". She said it represented one leg of a policy tripod, the other two being democratisation and economic reform, areas in which European negotiators are insisting on progress.

Mrs Çiller is in charge at a time of Turkey's deepest economic crisis since the foundation of the republic in 1923. Inflation last year hit a record 150 per cent. Unemployment has increased by a third since last year, affecting over one in five workers. The economy is stagnating after shrinking by between 4 and 6 per cent last year.

The government is reduced to paying real interest rates of 30 per cent a year on its short-term domestic debt of more than $12.5bn (£7.8bn).

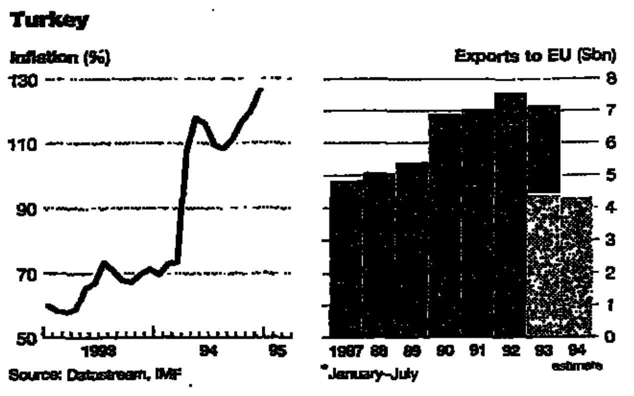
Mrs Çiller's reform policies may now gain a tailwind from the treaty's requirement that Turkey accept EU rules on state aid, competition and trade. By helping to revive business confidence, the treaty may give impetus to the stalled privatisation programme. Additionally, the EU should release soft loans and grants that have hitherto been blocked by Greece.

European exporters may benefit more from customs union than their Turkish competitors, since Brussels long ago eliminated most trade barriers on Turkish goods. Turkey has maintained high tariffs and other levies, representing up to 85 per cent of the value of imports. Under the terms of the treaty tariffs are to be eliminated progressively by the end of this year.

Inevitably, there will be winners and losers in industry. Mr Bülent Eczacibaşi, vice-chairman of the Eczacibaşi pharmaceutical group and a prominent business leader, said: "A number of industries will get into difficulties. Competition will increase, that is the whole point. But on the whole it will be beneficial for industry."

Sectors likely to suffer are those protected by high import barriers, which depend on government subsidies, or those which operate in markets vulnerable to competition from larger and more sophisticated European companies.

The car industry, protected by levies amounting to 40 per cent of the value of imports, is widely expected to be a significant loser.



Source: Datastream, IMF

Customs union should stimulate inward investment, reversing Turkey's low capital spending rates. EU companies already provide about two-thirds of Turkey's foreign investment of $1bn a year.

As a consequence of the treaty, Brussels is demanding that Turkey enforce the numerous international human rights treaties it has signed but habitually ignores. Mrs Çiller has promised to amend the 1982 constitution, written by the country's then military rulers, and modify its draconian security laws. Most EU countries also want Turkey to seek a political solution to end the 11-year war against Kurdish separatists.

However, Mrs Çiller, who last year ordered an escalation of the army's offensive against the Kurdistan Workers party (PKK), has warned that the fight against terrorism will take priority over political reform.

Another possible drawback will come if the government fails to win backing for its promise to support an EU plan to reunite Cyprus. Turkey invaded Cyprus in 1974 after a Greek-supported coup in the island.

It has agreed to put pressure on the Turkish Cypriots into accepting reunification with the Greek majority prior to entry into the EU. Greece agreed to lift its veto on customs union only when Brussels agreed a date for starting talks on EU membership for Cyprus.

If the customs union proceeds as the EU and the Turkish government hope, Europe will have made an important contribution to stability and growth in Turkey, reinforcing its vulnerable southern flank. If the gamble goes wrong, however, Europe may soon be dragged into Turkey's deepening economic and political crisis.

Russian crime wave 'threatens state'

Yeltsin has called for the battle against it to be a priority. **Chrystia Freeland** reports

Russia's Security Council, the secretive inner circle of the Russian government, warned at an emergency meeting yesterday that organised crime in Russia was becoming so serious that it posed a threat to state security.

Russia's President Boris Yeltsin instructed the Security Council to make the battle against organised crime the priority of the entire government, his spokesmen said. According to the president's press office, Mr Yeltsin warned his power ministers that organised crime "discredits state authority and threatens state security in Russia. The situation is particularly worrisome in Moscow."

The meeting of the Security Council, whose power was enhanced by the Chechen war, suggested the hardline faction within the Kremlin intends to turn last week's murder of a Russian television star to its own advantage.

This tendency has provoked fears among Russian liberals that the gangland-style murder last week of Mr Vladislav Listyev, one of Russia's most liberal commentators, is, paradoxically, playing into the hands of hardline proponents of a more authoritarian regime.

> 'We could increase the security forces fivefold, yet this would be unlikely to change the situation'

As a black banner headline in *Izvestia*, Russia's most widely read daily, sensationally put it: "We Have Reason to Fear the Emergence of a Police State". Although that doomsday scenario did not emerge from yesterday's meeting, hardliners used the mass public outrage provoked by Mr Listyev's murder to settle scores with two rival political groups within the Russian state.

The most significant blow was dealt to the Moscow city government and its self-styled "premier", Mr Yuri Luzhkov, a man accustomed to acting with absolute authority within the boundaries of Russia's capital city. Federal authorities yesterday formally sacked the Moscow city prosecutor and the municipal chief of police, despite Mr Luzhkov's public defence of the two men over the weekend.

Sources at city hall said that Mr Luzhkov, who enjoys strong public support in Moscow, threatened to resign in protest, a move which would amount to an open declaration of war on the national government. Hardliners also mounted a more subtle, but possibly more dangerous, attack on the Ministry of Finance and the Central Bank.

At the meeting of the Security Council, these two institutions, which have been leading the effort to impose fiscal and monetary discipline on the Russian economy, were held responsible for the government's failure to subdue organised crime, because of their unwillingness to release money to the security forces from the treasury's depleted coffers.

> 'Any country which has undergone a transition such as ours, has also had this wave of banditism'

The criticism of the finance ministry and the central bank suggests that, when Premier Victor Chernomyrdin's cabinet is mounting an all-out effort to bring down inflation and stabilise the economy this year, it faces a powerful challenge from the hardline lobby in the Kremlin.

In contrast to Security Council's insistence that more money and energy must be devoted to the security forces as they struggle against organised crime, Mr Chernomyrdin said last week the criminalisation of Russian society was an unfortunate but inevitable side effect of the country's radical economic transition. "It is not just a question of the security forces," Mr Chernomyrdin said of the recent outburst of criminal activity in Russia. "We could increase their size fivefold and still, that would be unlikely to change the situation. This is not a phenomenon exclusive to Russia," he added. "Any country which has undergone an economic transition of the kind we are now experiencing has also had this sort of banditism."

EUROPEAN NEWS DIGEST

Bonn parties in funding talks

The three parties in Germany's coalition government will today meet to decide on budgetary measures to replace the *Kohlepfennig*, the DM7bn (£3bn) subsidy to the coal industry ruled illegal last year. The meeting is likely to be tense. The Free Democratic party, the junior partner in Chancellor Helmut Kohl's government, is using the issue to make a stand against coalition partners and has threatened to leave the coalition if the government decides on new taxes as a way of raising the extra funds.

Meanwhile, the two sides in Germany's engineering dispute last night continued to search for a compromise which would stop the first industry strike since 1984 from escalating. They emerged from an afternoon session of talks – the first time in four weeks that they had met formally – refusing to say whether progress had been made.

Unless a solution can be found by tomorrow, the employers have said they may go ahead with lock-outs, stepping up pressure on IG Metall, the 3.1m strong engineering union, which would have to pay their locked-out members strike money. *Michael Lindemann, Bonn*

Estonian ruling party defeated

Estonia's Coalition party emerged as the victor of weekend elections which brought humiliating defeat for the ruling Fatherland party which barely attracted the 5 per cent of votes needed to stay in parliament. Mr Tiit Vähi, the Coalition party leader, is expected to become prime minister after his party gained nearly 33 per cent of the votes and 41 seats in the 101-member parliament. He promised that "right-wing [economic] policies" would continue under his leadership.

He is expected to try to form a new pro-market coalition government with the Reform party headed by Mr Siim Kallas, the central bank governor whose policies of linking the Estonian kroon to the D-Mark have underpinned the strong performance of the economy since Estonia left the Soviet Union in 1991. The Reform party won 19 seats with 16.3 per cent support. The Coalition party won by promising to ease the economic pain for Estonians left out of the revival. Polls showed wide support among elderly and rural voters who also favoured another potential coalition partner, the left-leaning Centre party which gained 14 seats. Among the seven parties in parliament will be the Russian-speaking "Our Home Is Estonia" party with seven seats. *Matthew Kaminski, Tallinn*

EU lines up Croatia deal

The European Union last night agreed a mandate to negotiate a new partnership and co-operation agreement with the former Yugoslav republic of Croatia, but stopped short of starting talks because of the Zagreb government's order to withdraw UN peacekeeping forces by the end of the month. Mr Douglas Hurd, UK foreign secretary, hinted, however, that there was room for a deal with President Franjo Tudjman of Croatia on adapting the "form", or role of the UN peacekeepers, though he refused to offer details. In January President Tudjman ordered the 12,000 UN peacekeeping force to begin withdrawal by the end of its mandate on March 31.

Separately, the EU cleared the way for talks on an association accord with Slovenia after Italy lifted its veto. The pact had been held up by a row over former Italian property in Istria. *Lionel Barber, Brussels and Reuter*

Steelmakers warned on aid

Europe's steelmakers will have to sort out their own problems next time they get into financial difficulties, warned Mr Karel Van Miert, European competition commissioner, in London yesterday. The partial failure last year of the European Commission's effort to restructure the industry meant an important opportunity had been missed, he told the FT World Steel Industry conference, organised in association with CRU International, the metals consultancy. "The current upturn in the market will not provide a long-term solution and leaving the restructuring process unfinished will almost certainly mean that we will be faced with the same problems of overcapacity again in a few years' time."

Last year, in response to the restructuring plan, steelmakers came up with planned cuts of only 16m tonnes in hot-rolled capacity, short of the minimum 19m needed to trigger assistance from the Commission. The measures were partly withdrawn in November. *Andrew Baxter, London*

NEWS: WORLD TRADE

Ministers hope to sign pact in April, says Hurd

Chechnya crisis delays EU-Russia trade pact

By Caroline Southey in Brussels

EU foreign ministers yesterday agreed to withhold trade preferences for Russia until there was evidence that Moscow was making progress in resolving the crisis in Chechnya.

In a delicate balancing act between EU member states nervous of alienating Russia and others frustrated at human rights abuses in Chechnya, the ministers delayed ratifying an interim trade pact which would have come into immediate effect.

But Mr Douglas Hurd, the UK foreign minister, stressed the decision was not a sanction. "It is simply a postponement," he said, adding that ministers hoped to sign the pact at the next council meeting in April. Mr Alain Juppé, the French foreign minister, added: "We do not want to isolate Russia."

The council meeting discussion had been on a "knife-edge", an official said. "Germany is fearful of doing anything that could drive Russia away. But others such as Denmark and the Netherlands want to hold up the trade pact to send a strong message to Moscow."

Agreement on the interim trade pact hinges partly on a visit to Moscow on Thursday by the "troika" of foreign ministers, representing the German, French and Spanish presidencies of the EU. The ministers, lead by Mr Juppé were due to sign the agreement this week with Mr Boris Yeltsin, the Russian president.

Mr Yeltsin will be told that the EU is seeking progress in three areas: access for humanitarian aid to refugees from the war; continued co-operation with the Organisation for Security and Co-operation in Europe; and progress towards political dialogue with Chechen leaders.

The troika will report back to an informal meeting in Carcassone, southern France on March 18 when foreign ministers will be reviewing the broader strategic aspects of EU/Russia relations.

The interim accord is part of wider partnership and co-operating agreement still being negotiated between the EU and Russia. The trade preferences would have given a much-needed boost to Russian exports to the EU.

Mr Hurd, who met Mr Juppé before the council meeting, said Mr Victor Chernomyrdin, the Russian prime minister, had given assurances during his visit to London last week that Russia was committed to press freedom, market reforms and a firm election timetable.

In a further step towards consolidating the EU's relations with Russia's neighbours, the council signed a partnership and co-operation accord with Belarus.

Car parts groups argue their case

By David Buchan in Paris

Europe's drive to narrow its widening trade deficit with Japan in car parts yesterday moved into higher gear with the start of a two-day Paris conference bringing together 11 car manufacturers from Japan and 80 component makers from Europe.

Mr Martin Bangemann, the European industry commissioner, stressed the mutual interest of both sides in the conference. European component makers wanted to supply more to Japanese manufacturers not only in Europe but worldwide, he said. The EU trade deficit in car parts was more than Ecu3bn ($3.8bn) in 1993, with Japanese component makers selling seven times more to Europe than vice versa. Japanese manufacturers said the yen's appreciation had increased their incentive to buy more parts abroad.

Mr Bangemann complained that European parts makers had lost ground to US exports, but disclaimed any intention by Europe to "manage" its trade with Japan, as the US had sought to do.

"Europe prefers the co-operative approach to doing business with Japan rather than the US style, which aims at extracting discriminatory commitments from Japanese private companies to purchase minimum quantities of US-made auto parts," the commissioner said.

Mr Kazuo Majima, vice minister at the Ministry of International Trade and Industry, declared himself "very happy" with this European approach.

But the two sides were clearly unable to agree on the proportion of local parts Japanese carmakers in Europe should use. Toyota and Nissan said yesterday the cars they assembled in Europe had around 80 per cent local content. This was disputed by CLEPA, the European car components trade association, but it refused to make public its own estimate.

Japan says the EU trade deficit in car parts is rising, reflecting the rise in cars assembled in Europe.

US fears Ruggiero may be 'protectionist'

By Nancy Dunne in Washington

The Clinton administration opposes the candidacy of Mr Renato Ruggiero, the European Union's choice to head the new World Trade Organisation, because he seemed "more protectionist than we would like" when he came to Washington seeking support last November, a senior US official said yesterday.

Mr W Bowman Cutter, deputy chief of the National Economic Council in the White House, said in a telephone interview that the US had been a firm backer of Mr Carlos Salinas, the former Mexican president, until his withdrawal from the race last week.

The administration had been "essentially neutral" on Mr Ruggiero, a former Italian trade minister, and Mr Kim Chul-su of South Korea. However, they became unenthusiastic about Mr Ruggiero's candidacy after they had met him.

"My strong personal predilection is for someone from the emerging markets," Mr Cutter said. "I think it would be good for the country to have a Latin American or an Asian."

Mr Cutter said the system of advancing liberalised trade through negotiating "rounds" was now "probably played out." The new WTO head would need the vision to address another set of questions, including the impact of regional trade agreements and regulatory regimes. "There is a task of institutional development" he said.

The US had been determined to support Mr Salinas until he withdrew because "it would have been ungraceful of us to pull out". He was hoping Mr Peter Sutherland, the WTO's acting head, could be convinced to stay on past March 15 until a new candidate was agreed.

Mr Greg Mastel of the Economic Strategy Institute said he had heard a number of administration officials raising concerns about Mr Ruggiero's views on liberalisation of services, investment rules, and intellectual property rights.

"The WTO can't have a glorified bureaucrat," Mr Mastel said. "We want the WTO to be a strong organisation. We want a strong, effective leader, who gets his phone calls returned."

Mr Harry Freeman, a Washington lobbyist and one of the earliest backers of Mr Salinas, said the new WTO chief should have support in Congress. "If the EU tries to cram someone down our throats, it will be the best way to lobby for the Dole bill."

Mr Robert Dole, the Senate majority leader, has introduced legislation to establish a panel of judges to review the decisions of the WTO.

Poor 'still face trade hurdles'

Guy de Jonquières, Business Editor

Despite rapidly increasing inflows of private foreign capital into developing economies, trade remains poorer countries' most reliable source of external income, according to a report by the International Coalition for Development Action.

However, the coalition, which groups third world lobbying organisations from 10 countries, says efforts by developing countries to increase their exports still face many obstacles, which the Uruguay Round world trade deal has failed to remove.

The report says developing countries received foreign direct investment of $51.5bn in 1992, more than double the annual average in the second half of the 1980s. However, the value of developing countries' exports was still 23 times greater in 1992 at $1,167bn.

Furthermore, developing countries had to provide many incentives to attract foreign direct investment, such as spending on infrastructure and tax exemptions. These sharply reduced the value of their economic gains from capital inflows.

The report says developing countries' terms of trade, which have been negative since 1985, worsened in 1992-93, as the prices of many of their exports fell faster than those of imports.

Despite liberalisation agreed in the Uruguay Round, tariffs on exports of interest to developing countries remained higher than the world average.

An alternative report on trade. International Coalition for Development Action, 115 Rue Stévin, 1040 Brussels. Tel: (322) 230 0430.

WORLD TRADE NEWS DIGEST

Brussels launches environment plan

The European Commission plans to make the EU's tourism industry pay closer attention to the environment. Speaking at the International Tourism Fair (ITB) in Berlin, Mr Heinrich von Moltke, the Commission's general director for tourism, said tourist development should occur only if environmentally sustainable. The Commission will introduce environmental criteria for proposed holiday resorts, golf courses, yachting harbours and winter sports facilities. There are also plans for an emblem to be awarded to facilities judged not to be damaging the environment. When this will be introduced, however, is not yet clear. *Frederick Studemann, Berlin*

German farm transport pledge

The German livestock industry will limit transport times for slaughter-bound animals to eight hours, the German Farmers' Federation (DBV) said yesterday . Germany is the first country to limit transport times since a row over shipments of live cattle sparked noisy demonstrations in Britain, Belgium and Holland, pitching angry animal rights protesters against police at ports and airports.

German industry representatives told Mr Jochen Borchert, the agriculture minister, that they supported his proposal for limits and planned to start voluntary restraints by the end of this month. *Reuter, Bonn*

Samsung in white goods bid

Samsung, the South Korean manufacturing and trading group, is negotiating to buy Foron, the east German white goods company, from London-based East German Investment Trust. Formerly a state-owned company, Foron is noted for innovative product design, particularly a range of award-winning environmentally friendly refrigerators. Last year Foron had a turnover of DM143m ($97.2m). *Frederick Studemann, Berlin*

Citic settles with creditor

China International Trust and Investment Corporation, China's biggest state-controlled conglomerate, yesterday settled its copper trading losses with Crédit Lyonnais Rouse, part of the French bank. CLR is believed to be Citic's biggest creditor with $7m owed from Citic's total losses of $40m from trading on the London Metal Exchange. *Kenneth Gooding*

■ Ireland is inviting bids for the supply of a GSM mobile telephone system, a second mobile system to compete with the state run Eircell service. Motorola in consortium with Sigma and Unisource has announced its intention to bid. AT&T's Irish subsidiary Cellular Telephones is also expected to join the race. Total cost of the bid is expected to be around I£80m ($129m). *John Murray Brown, Dublin*

■ Hyundai Motors, South Korea's largest carmaker, will build a $30m car assembly plant in Pakistan in a joint venture with the Saigol group. *John Burton, Seoul*

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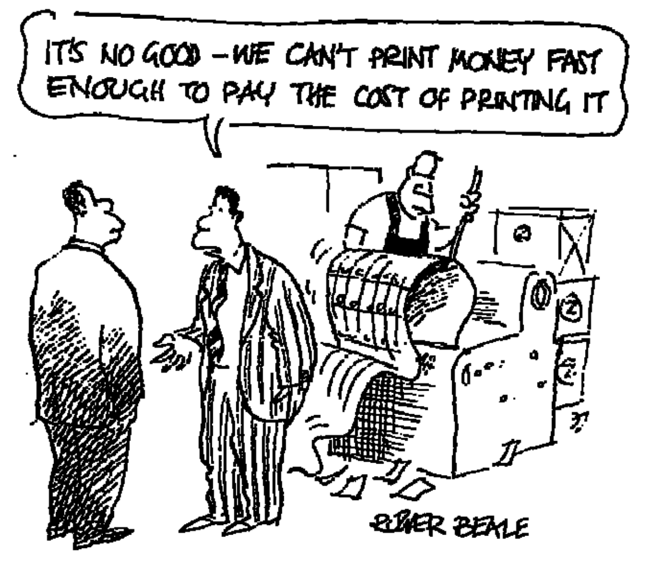
DIY banking thrives in chaotic Zaire

Anyone who wants to stay in business has to wheel and deal, writes **Michela Wrong**

At the end of a hard day, the head of a Kinshasa business, has made a pile of zaires. Knowing that the Zairean currency risks depreciating with every passing hour, he is anxious to swap them for dollars.

The last place he turns is the bank. Starved of liquidity since the progressive worsening of Zaire's economic crisis, commercial banks have trouble stumping up the most paltry sums of cash.

So he rings a diamond dealer, who agrees to sell him dollars earned trading gems in Antwerp. The zaires will be flown to the Kasai region in the east of the country where the diamond dealer will use them to buy new stock. No papers are signed, bales of notes will change hands on the basis of a verbal agreement alone. And although taking place in a country which has become a byword for corruption and dishonesty, the deal will hold.



In the Alice-in-Wonderland financial world that is Zaire, such transactions have become the norm. The collapse of the formal banking sector three years ago has forced multinational manufacturers, exporters, farmers and even aid organisations and religious missions to turn to foreign exchange wheeling and dealing to lay their hands on the cash needed to stay in business.

"Companies have become their own banks. Everyone has become a bank for someone else – it's a mutual aid situation, the only way to survive," says a western businessman. Bewildered by the lack of set rules when he first came to work in Zaire, he now revels in the freedom. Complicated transfers that could take weeks in Europe happen in seconds. There are no annoying bank charges to be paid and since both parties benefit from the deal, commissions are kept to a minimum. The only quibbling is over the day's exchange rate.

"The absence of the banking system is far more of an opportunity than a hindrance," says the businessman. "You set up your own network and make your own rules. No one's ever welshed on a deal, because if they did the whole system would collapse and everyone would lose out. I find it quite inspirational."

However exciting, the reality of operating in Zaire must often be glossed over in reports sent back to western headquarters where the discovery that their companies are striking agreements with diamond smugglers, arms traders and other shady enterprises might raise a few eyebrows. This is especially so, diplomats say, since an increasingly large proportion of the dollars changing hands is drugs money sent to Zaire for laundering.

The marginalisation of the commercial banks started in the early 1990s, when President Mobutu Sese Seko announced the end of multi-party rule and Zaire entered a "transition period" of what turned out to be chronic economic, social and political instability. As the state copper mining company Gecamines teetered on the verge of bankruptcy, the short-lived governments that followed spent, economists estimate, four times their shrinking revenues.

To cover the gap, the Bank of Zaire printing presses went into overdrive. When that was not enough, government officials would dump notes on the black market, buy dollars and use them to order print runs abroad. With each dumping, the value of the zaire plummeted, making ever higher denominations necessary.

Inflation, running at between 50 and 100 per cent a year before the "transition period", soared to 3,000 per cent in 1992, 8,300 per cent in 1993 and 6,000 per cent in 1994. With the zaire now worth 1/22bn of its 1975 value, the population took refuge in hard currency – about 80 per cent of significant transactions are done in dollars – or resorted to barter.

The total money supply in local currency is now worth about $100m, nearly a quarter of the level four years ago, a tiny sum for a country with a population of 42m.

When new notes were issued, few were funnelled in the direction of the 13 commercial banks, going instead to politicians and generals. The banks were left with stocks of increasingly worthless zaires. Given that the highest denomination available is worth just 13 US cents, there are, in any case, physical limits on how much local currency an institution is able to store.

Although the government of Mr Kengo Wa Dondo, the prime minister, claims it is determined to bring the banks back into operation, they are still desperately short of cash. Last year the banks received two small deliveries from the central bank, which went to pay staff wages. There have been no deliveries this year.

"We don't make loans because there's no money to lend. We have 20 per cent of the accounts we had before the transition and as each month goes by we close more down," says an official at one bank.

One of the few remaining functions the banks fulfil is to act as import-export intermediaries. "When our foreign partners come to visit they can't believe we survive off the tiny amount of business we do. We're just ticking over, trying to survive until the economy recovers."

A side effect of the liquidity crisis has been the birth of a lucrative and speculative market in cheques. Businesses need cheques to pay their taxes or duty on imports. But because none of the commercial banks can cash those cheques, they trade at a discount.

A company owing the tax authorities 1m zaires will buy a cheque, often issued by highly placed individuals at the Bank of Zaire, for, say, a tenth of its nominal value. Then he pays the tax inspectors for a fraction of the actual cost, persuading them to accept the dubious credit by offering a sweetener they will use to pay their own wages and running costs. After changing hands eight or nine times, the largely fictional credit ends up at the Bank of Zaire, swelling largely fictional accounts.

While businessmen may revel in the opportunities offered by this surreal state of affairs, bankers point out that long-term investment and growth are impossible.

US oil group to develop Iranian offshore field

By Richard Waters *in New York and* Robert Corzine in London

Concoco, the oil and gas subsidiary of Du Pont, is to develop two offshore Iranian oil fields, marking what is thought to be the first US investment in the country's energy sector since the Iranian revolution of 1979.

The deal looks certain to spark political opposition in both countries, which have had no formal diplomatic relations since the hostage crisis which followed the revolution. However, the US has no trade embargo with Iran, and US oil companies are among the biggest purchasers of Iranian crude oil.

Conoco, which signed an agreement for the development with the National Iranian Oil Company (INOC) at the weekend, said it could see no reason why the deal should draw flak in the US.

"We have the greatest confidence that everything we are doing is appropriate and ethical," the company said. "Everything we have done is within applicable US laws and trade regulations."

Congressional attitudes toward Iran appear to be hardening, however. In January Senator Alfonse D'Amato, a New York Republican, tabled a bill which would bar trade with Iran.

The Clinton administration has recently opposed the planned sale of a Russian nuclear reactor to Iran. It is also against the participation of Iran's national oil company in a mainly western consortium formed to develop three giant offshore fields in the Azerbaijan sector of the Caspian Sea.

Conoco said it would develop the Serri A and E oil and gas fields, which are located some 80 miles from the Iranian shore in the southern Gulf. They were discovered in 1972 and 1976, and industry observers have estimated the cost of development at about $500m (£308m).

A number of western companies are keen to participate in Iran's oil sector. Most proposals focus on offshore areas, which are thought to be more politically acceptable than onshore projects.

Iran is in the middle of a large-scale expansion of its oil capacity, but there have been persistent reports of technical problems at many of the fields.

Under the deal, which has been signed with a non-US subsidiary of Conoco, the two Serri fields will be operated by the Iranians. Conoco is expected to be repaid through a buy-back agreement under which it will have the right to buy oil from the fields for a prescribed period, though the US company refused to confirm details of the contract.

Conoco will also build a pipeline to carry natural gas from two other Serri fields to a new facility it plans to build in Dubai in the United Arab Emirates. The Serri A and E fields combined are expected to produce 120,000 barrels of oil a day. Serri E has reserves estimated at about 435m barrels, while Serri A has about 50m barrels.

Conoco has been in negotiations with the Iranians for two years. Total, the French oil company, was also competiting for the offshore development contract.

An Iranian statement issued yesterday said the Tehran government expects the project to generate some $12.5bn in oil revenues and about $750m in gas sales over the agreement's lifetime. It added that at least 30 per cent of the work will be sub-contracted to Iranian companies, and that Iran would benefit from technology transfer.

The US government, however, has made it clear that it does not want to see Iran given access to advanced oil production technology.

INTERNATIONAL NEWS DIGEST

UN conference told to be patient

Most of the armed conflicts which the United Nations has to deal with were being waged within nations and most had "obvious economic and social causes," Mr Boutros Boutros Ghali, UN Secretary general (*pictured left*), said yesterday. Opening the UN's World Summit for Social Development in Copenhagen, he said: "We are trying to mobilise international public opinion on the social development issues." But he played down prospect of any rapid progress in achieving the three main objectives of the summit – the abolition of absolute poverty, the creation of full productive employment and the end of social exclusion. "It will take many decades of hard work," said the secretary general. "This conference must be seen as part of a process. We need to be patient." *Robert Taylor, Employment Editor, Copenhagen*

Israel to press Syria for peace

Israel put Syria on notice yesterday it regards this coming summer as a deadline for achieving peace as the Israeli and US administrations head into an election year in 1996. Mr Yossi Beilin, Israel's deputy foreign minister, called in US media correspondents to spell out a now-or-never warning ahead of a Middle East peace mission this week by Mr Warren Christopher, US secretary of state.

"This is supposed to be a different visit. As Yossi Beilin has just mentioned behind closed doors, the summer of '95 is something of a deadline in the negotiations with Syria," an Israeli official told other foreign reporters. "So if nothing is achieved by then, probably nothing will be achieved in the next few years. It is a very important visit simply because there is no more time." *Reuter, Jerusalem*

Peres to discuss repatriations

Mr Shimon Peres, the Israeli foreign minister, is going to Amman today for long-delayed talks with his Jordanian, Egyptian and Palestinian opposite numbers on the possible repatriation of hundreds of thousands of Palestinians who fled the West Bank and Gaza Strip during the 1967 Six-Day War. Israel committed itself to explore this question as long ago as the 1978 Camp David agreement with Egypt and reaffirmed its willingness to do so in the 1993 Oslo accord with the Palestinians. A senior Jordanian official said the Arab side saw the talks as "a serious test of Israeli intentions." For the Palestinians, it would establish a precedent for at least a limited "right of return", though even left-wing Israelis are opposed to opening the border to the much larger number who fled in 1948.

An Israeli Foreign Ministry spokesman suggested that the ministers' first task would be to hammer out definitions of who is a refugee and to estimate numbers. The Israelis put the total of 1967 refugees at 200,000 to 400,000, but the Palestinians claim 800,000 are involved. They include civilians who ran away on their own initiative, some who were ferried out by Israel after the ceasefire, and others who happened to be abroad at the beginning of hostilities, as well as their offspring. No one knows how many of these refugees would want to come back. *Eric Silver, Jerusalem*

Policy package prompted by investors' concern about current account deficit

Brazil allows Real to fall

By Angus Foster in São Paulo

Brazil's currency fell more than 2 per cent against the dollar yesterday after the central bank announced a new exchange rate policy and a two-step devaluation. Although the announcement was welcomed by exporters, it raised fears that imported inflation could add to mounting cost pressures and undermine the Real.

The government also announced a package of other measures, including a study on the possible privatisation of Companhia Vale do Rio Doce (CVRD), the world's largest iron ore exporter. The proposals were designed to reassure investors that Brazil's current account deficit will not be allowed to reach Mexican proportions.

The bank said it is introducing a system of "floating bands" against the US dollar which will be defended by intervention. From yesterday until May 1, the Real will fluctuate between 86 and 90 centavos to the dollar. On May 2, the band will be widened to between 86 and 98 centavos, implying a maximum possible devaluation of more than 15 per cent.

The Real has appreciated about that much in nominal terms against the dollar since its launch last July. The bank has operated an unofficial band between 83 and 86 centavos and the Real was trading last week at 84 centavos to the dollar. By yesterday lunchtime it had fallen on the parallel market to 86 centavos.

The government's decision to let the currency fall followed mounting criticism from exporters and worries about the current account deficit. Brazil's trade balance has been in deficit since November, the first monthly deficits in nearly eight years, mainly because moves to open the economy led to a sharp rise in imports.

Although the government was expected to relax the exchange rate policy, yesterday's effective devaluation came earlier than predicted. Many analysts thought Brazil would wait until after Argentina's elections in May to avoid adding to President Carlos Menem's economic problems. Argentina's exports to Brazil, which have grown rapidly in the last year, are likely to be affected by the devaluation.

The new government of president Fernando Henrique Cardoso has also not yet approved fiscal and other reforms which most analysts say are needed to underpin the Real by preventing mounting government budget deficits. Some of these reforms will be presented to Congress in coming weeks, but approving them will take months.

Without these reforms in place, and with growing signs of overheating in some sectors of the economy, some economists said inflation could accelerate quickly from its February level of 0.99 per cent.

Mr Pedro Malan, finance minister, said the change in the exchange rate policy was "not a devaluation in the conventional sense of the word". The Real's earlier appreciation against the dollar was unplanned and was mainly due to Brazil's high real interest rates. Mr Malan was speaking at a joint press conference with Mr José Serra, the planning minister, perhaps to stress government unity on the changes. Mr Serra has been pushing for a devaluation.

CVRD sale study, International Company News

Cardoso: still not approved a package of fiscal reforms AP

Mexican peso tumbles on policy delay

By Leslie Crawford in Mexico City

The Mexican peso slumped to a record low against the dollar yesterday as financial markets reacted nervously to the government's delay in announcing new policies to deal with the rapid deterioration of the economy.

The peso plunged to 6.875 against the dollar in early morning trading, against 6.325 at Friday's close, bringing the depreciation of the Mexican currency since its flotation in December close to 50 per cent.

The continued slide raised questions about whether further finance would be made available to Mexico from the International Monetary Fund and the US government.

Traders said the peso was being punished for the government's perceived lack of direction in economic policy. They believe President Ernesto Zedillo has not unveiled a new economic programme because he has so far been unable to obtain the consent of labour unions and business leaders for additional unpopular measures required to contain inflation and stabilise the currency.

These measures are thought to include tax increases and higher public tariffs for petrol and electricity, as well as further cuts in government spending and more pressure on real wages. For the past seven years, Mexican governments have designed economic policy in consultation with labour and business representatives in an annual agreement known as the Pacto. But the current economic crisis, and Mexico's commitments to the IMF, places restraints on Mr Zedillo's ability to accommodate the demands of labour and business leaders.

Mr Zedillo said at the weekend that a new economic programme would only be announced when parliament had approved loan agreements signed with the IMF and US government to allow Mexico to meet its short-term foreign debt obligations. The announcement was widely interpreted as a delaying tactic and added to yesterday's heavy demand for dollars.

Business leaders are urging the government to set realistic targets for inflation and economic growth this year, and to define a new exchange rate policy to stabilise the peso. They also want the central bank to ease monetary policy, as the trebling of interest rates since December is accelerating the risk of bankruptcies.

Unions are demanding a further increase in the minimum wage to take into account a higher-than-forecast inflation for 1995. The government and unions agreed to a 7 per cent increase in wages in January based on an inflation estimate of 19 per cent, now regarded as unrealistic.

The collapse of Banpais, Mexico's eighth-largest bank, has renewed concern for the health of the country's banking system, widely seen as the weakest link in the economy.

Argentina aims to cut risk of company defaults

By David Pilling in Buenos Aires

Argentina plans to use $500m (£314.4m) of World Bank cash to lessen the risk of further defaults by private companies, after last week's announcement by pulp mill Alto Paraná that it could not meet payments on $60m worth of maturing loans.

The move, part of a package intended to inject confidence into the financial system announced on Sunday night, aims to relieve some investors' fears that Argentina's credit crunch could force further companies into default.

Other measures include an insurance scheme for bank deposits to lessen the likelihood of a run on the banks, and use of up to $1.9bn in multilateral agency funds to buy up non-performing portfolios of state-owned provincial banks. These would then be privatised.

Argentina is believed to have asked several international banks for bridging loans against part of this $1.9bn – due later this year from the World Bank, the Inter-American Development Bank and Japan's Eximbank. Mr Roque Fernández, the central bank president currently on a tour of US and European banks, may also be seeking bridging loans against expected cash receipts from privatisations, totalling $2.4bn.

The credit crunch, which saw inter-bank interest rates rise to 90 per cent at one point last week, has forced Argentina to abandon its planned $2bn worth of Treasury bill auctions. Cash to help pay $5.2bn worth of maturing debt in 1995 will instead come from privatisations, according to Mr Domingo Cavallo, economy minister.

Most sell-offs, including those of hydroelectric and nuclear plants, were originally to have been conducted largely through debt-for-equity swaps.

The new measures, which follow last week's announcement of a $3.3bn austerity package, came as Brazil announced it would begin the steady devaluation of its currency. This has raised fears that Argentina, which must this year begin to close its trade deficit as external financing dries up, could lose an important competitive advantage in one of its most crucial markets.

However, the modest and gradual nature of the devaluation, coupled with expectations of erosion through rising Brazilian prices, may mitigate the negative impact.

Mr Cavallo told financial daily El Cronista at the weekend: "A devaluation in Brazil is logical . . . I recognise that, at some point, they will have to devalue to reach parity with the dollar."

On private companies' liquidity problems, Mr Cavallo said the World Bank had already granted $500m in "back-stop facilities" for the extension of maturities on new debt placements. Argentina would seek World Bank permission to use these funds to lengthen maturities on existing private sector debts, he said.

"It is interesting that international traders no longer fear a devaluation . . . But what has been reawoken is the fear of default by the public or private sector." There must be no doubts about the ability of Argentina to pay its debts, he said.

Critics of Mexico bail-out complain of 'lack of candour'

Summers in firing line over rescue

By George Graham in Washington

US congressional critics of Washington's plan to rescue Mexico from its financial crisis, eager for someone to blame for the débâcle, appear to be zeroing in on Mr Lawrence Summers, Treasury under-secretary for international affairs.

Senator Alfonse D'Amato, chairman of the Senate banking committee, plans to hold hearings on the Mexican bail-out this month, and has already begun to complain about the "lack of candour" from the administration over the issue.

"I know darn well that the administration received information that should have alerted any prudent person that there were problems with the Mexican economy and then ignored it and withheld it from the Congress," Mr D'Amato said last week.

Other congressional aides, however, said the inquiries appeared aimed at satisfying a political need to show someone's head had rolled as a consequence of the Mexican crisis, which has forced the US to put up $20bn (£12.5bn) from its Exchange Stabilisation Fund to help avert the threat of a default.

Mr Robert Rubin only took over as Treasury secretary in January, after last December's disastrous devaluation of the peso, and his predecessor, Mr Lloyd Bentsen, has left for Texas. Mr Frank Newman, the deputy secretary and acting head of the department at the time, is focused on domestic rather than international issues. That leaves Mr Summers holding the bag as Congress's preferred victim.

"There is no question D'Amato wants Summers's blood," said one congressional staffer, adding that the Mexican crisis had damaged Mr Summers's chances of succeeding Mr Lewis Preston as president of the World Bank.

Other leading candidates for that post include Mr James Wolfensohn, a New York investment banker, Mr Gerald Corrigan, former head of the New York Federal Reserve, and Mr Bowman Cutter, a top White House economic adviser.

Some members of Congress have targeted Mr Rubin over the Mexican bail-out. Mr Rubin used to run Goldman Sachs, a Wall Street investment bank which could be argued to have benefited from the Mexican rescue. But congressional aides said this line of attack appeared weak.

Mr Summers last week defended the administration, and by implication himself, against the charge of being asleep while Mexico's economic difficulties piled up last year, attributing the crisis to Mexico's own "critical errors in macroeconomic policy".

"Despite expressions of concern by American officials and others that Mexican policy was unsustainable, the Mexicans held to the view that the country's loss of reserves did not call for policy adjustments," Mr Summers said in a discussion of the US rescue plan at the Brookings Institution, a Washington think-tank.

While Mr Summers and the US Treasury have refused to reveal their advice to the Mexican government, international financial officials say it is unfair to blame the US for Mexico's failure to heed the warning signs.

INTERNATIONAL ECONOMIC INDICATORS: **BALANCE OF PAYMENTS**

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

■ UNITED STATES

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*279.8*	*−174.2*	*−164.5*	*0.7623*	*100.0*
1986	231.0	−140.6	−153.7	0.9836	80.2
1987	220.2	−131.8	−144.8	1.1541	70.3
1988	272.5	−100.2	−108.3	1.1833	66.0
1989	330.2	−99.3	−93.3	1.1017	69.4
1990	309.0	−79.3	−72.0	1.2745	65.1
1991	340.5	−53.5	−5.6	1.2391	64.5
1992	*345.9*	*−65.2*	*−52.4*	*1.2957*	*62.9*
1993	397.3	−98.7	−88.8	1.1705	65.6
1994	433.0	−127.1		1.1857	65.6
1st qtr.1994	*106.9*	*−28.9*	*−28.7*	*1.1244*	*66.8*
2nd qtr.1994	107.7	−32.7	−32.7	1.1605	65.3
3rd qtr.1994	106.7	−33.5	−34.1	1.2232	62.8
4th qtr.1994	111.5	−31.8		1.2346	62.3
February 1994	34.1	−10.8	n.a.	1.1184	66.7
March	37.5	−8.4	n.a.	1.1410	66.1
April	36.1	−10.6	n.a.	1.1385	66.0
May	35.4	−11.1	n.a.	1.1622	65.3
June	36.3	−11.0	n.a.	1.1806	64.6
July	33.6	−12.2	n.a.	1.2187	63.0
August	37.0	−10.5	n.a.	1.2196	63.1
September	36.1	−10.9	n.a.	1.2312	62.3
October	35.3	−11.0	n.a.	1.2544	61.5
November	36.9	−11.4	n.a.	1.2369	62.1
December	39.3	−9.4	n.a.	1.2126	63.4
January 1995			n.a.		

■ JAPAN

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*230.8*	*76.0*	*64.5*	*180.50*	*100.0*
1986	211.1	96.2	87.0	165.11	124.4
1987	197.3	86.1	75.3	166.58	133.2
1988	219.8	80.7	66.7	151.51	147.3
1989	245.3	70.5	52.6	151.67	141.9
1990	220.0	50.1	28.3	183.94	126.0
1991	247.4	83.1	62.9	166.44	137.0
1992	*254.8*	*101.7*	*89.8*	*164.05*	*142.9*
1993	300.0	120.8	111.0	130.31	173.8
1994	324.0	122.6	108.1	120.99	173.8
1st qtr.1994	81.1	32.8	29.6	120.95	182.5
2nd qtr.1994	81.7	31.6	28.7	119.84	187.1
3rd qtr.1994	80.4	30.1	26.2	121.14	189.9
4th qtr.1994	80.8	28.4	23.9	122.03	183.1
February 1994	26.9	11.3	10.1	118.77	185.2
March	27.2	10.2	8.8	120.04	185.3
April	27.8	11.3	10.9	117.79	188.6
May	26.1	9.6	7.8	120.67	186.2
June	28.0	10.8	10.0	121.06	186.8
July	26.8	11.1	9.9	120.00	191.5
August	26.9	9.2	7.8	121.85	188.7
September	26.7	9.8	8.5	121.58	189.6
October	25.4	8.0	6.4	123.44	188.2
November	27.5	10.7	8.8	121.21	190.5
December	27.9	9.8	8.7	121.44	188.7
January 1995	25.8	8.7	7.8	123.32	

■ GERMANY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*242.7*	*33.2*	*21.7*	*2.2260*	*100.0*
1986	*248.5*	*53.4*	*40.3*	*2.1279*	*108.8*
1987	*254.3*	*56.7*	*39.8*	*2.0710*	*115.3*
1988	*272.6*	*61.6*	*42.9*	*2.0739*	*114.6*
1989	*310.2*	*65.4*	*52.3*	*2.0681*	*113.5*
1990	324.4	51.8	36.9	2.0537	119.1
1991	327.4	11.2	−15.7	2.0480	117.7
1992	330.6	*16.8*	*−17.0*	2.0187	*121.2*
1993	322.9	31.4	−16.7	1.9337	124.5
1994			−29.1	1.9198	
1st qtr.1994	81.9	7.6	−5.9	1.9370	122.4
2nd qtr.1994	89.7	11.2	−2.7	1.9276	123.5
3rd qtr.1994	88.7	8.2	−13.4	1.9086	126.0
4th qtr.1994			−7.2	1.9056	126.3
February 1994	28.3	3.2	−2.3	1.9397	121.8
March	26.8	1.2	−1.9	1.9299	123.2
April	29.1	4.6	−0.6	1.9335	122.6
May	30.2	3.0	−2.3	1.9265	123.5
June	30.5	3.6	0.1	1.9228	124.3
July	29.0	2.1	−7.0	1.9117	125.7
August	30.5	4.0	−3.5	1.9075	126.3
September	29.3	2.1	−2.8	1.9073	126.1
October	31.3	3.5	−3.8	1.9072	126.4
November	*31.7*	*4.7*	*0.4*	*1.9044*	*126.3*
December			−3.8	1.9054	126.2
January 1995					

■ FRANCE

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	133.4	−3.7	−0.2	6.7942	100.0
1986	127.1	0.0	3.0	6.7946	102.8
1987	*128.3*	*−4.6*	*−3.7*	*6.9265*	*103.0*
1988	141.9	−3.9	−3.4	7.0354	100.8
1989	162.9	−6.3	−3.6	7.0199	99.8
1990	170.1	−7.2	−7.2	6.9202	104.8
1991	175.4	−4.2	−4.9	6.9643	102.7
1992	182.6	4.6	2.9	6.8420	106.0
1993	179.5	13.3	8.9	6.6281	108.3
1994	198.0	13.4		6.5659	
1st qtr.1994	46.5	2.4	3.4	6.5861	108.0
2nd qtr.1994	48.7	3.2	0.9	6.5967	108.0
3rd qtr.1994	49.9	3.1	2.3	6.5362	110.0
4th qtr.1994	52.9	4.7		6.5426	110.1
February 1994	15.2	0.74	−0.29	6.5905	107.6
March	16.0	1.35	1.36	6.5782	108.3
April	15.8	1.19	0.54	6.6240	107.1
May	16.6	1.16	0.53	6.5972	107.9
June	16.3	0.88	−0.19	6.5688	108.6
July	*16.0*	*0.68*	1.17	6.5508	*109.7*
August	17.1	1.11	−0.04	6.5347	110.2
September	16.7	1.37	1.16	6.5233	110.3
October	17.3	1.67	0.47	6.5281	110.5
November	17.4	1.05	0.21	6.5386	110.1
December	18.2	1.94		6.5612	109.6
January 1995					

■ ITALY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	103.7	−16.0	−5.4	1443.0	100.0
1986	99.4	−2.5	−1.4	1461.6	101.4
1987	*100.7*	*−7.5*	*−2.1*	*1494.3*	*101.2*
1988	108.3	−8.9	−8.0	1538.8	97.8
1989	127.8	−11.3	−17.0	1509.2	98.6
1990	133.6	−9.3	−18.0	1523.2	100.6
1991	137.0	−10.6	−17.7	1531.3	96.9
1992	137.9	−8.0	−20.6	1591.5	95.7
1993	144.3	17.9	9.8	1838.7	79.6
1994				1908.6	
1st qtr.1994	37.5	3.4	1.1	1892.8	76.2
2nd qtr.1994	40.7	4.7	2.6	1861.2	77.8
3rd qtr.1994	38.0	6.2	1.4	1920.2	75.6
4th qtr.1994				1960.2	74.0
February 1994	12.8	1.6	1.3	1883.9	76.4
March	14.5	1.7	0.8	1901.9	75.9
April	12.9	1.4	1.0	1850.1	78.0
May	13.7	1.8	0.9	1852.9	78.2
June	14.0	1.7	0.9	1880.5	77.1
July	*14.2*	3.1	*1.9*	*1904.5*	76.3
August	9.9	2.0	1.8	1928.3	75.4
September	14.0	1.1	−2.3	1928.0	75.3
October	13.8	1.8	0.4	1942.9	74.9
November	*14.0*	1.1		1958.1	74.0
December				1979.6	73.2
January 1995					

■ UNITED KINGDOM

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	132.4	−5.7	3.6	0.5890	100.0
1986	108.3	−14.2	−1.3	0.6708	91.6
1987	*112.3*	*−16.4*	*−7.1*	0.7047	*90.1*
1988	120.9	−32.3	−25.0	0.6643	95.5
1989	137.0	−36.7	−33.5	0.6728	92.6
1990	142.3	−26.3	−26.6	0.7150	91.3
1991	*147.7*	−14.7	−11.7	0.7002	91.7
1992	145.9	−17.8	−13.4	0.7359	88.4
1993	155.9	−17.2	−14.4	0.7780	80.2
1994				0.7736	
1st qtr.1994	42.2	−4.1	−1.9	0.7554	81.3
2nd qtr.1994	43.1	−3.1	−1.4	0.7716	80.0
3rd qtr.1994	44.1	−2.1	1.0	0.7685	79.2
4th qtr.1994				0.7791	80.2
February 1994	13.9	−1.3	n.a.	0.7557	81.0
March	13.9	−1.6	n.a.	0.7649	80.5
April	14.5	−0.7	n.a.	0.7673	80.0
May	14.0	−1.3	n.a.	0.7733	79.9
June	14.5	−1.0	n.a.	0.7741	80.1
July	*14.6*	−0.7	*n.a.*	0.7881	79.2
August	14.7	−0.8	n.a.	0.7906	79.0
September	14.8	−0.6	n.a.	0.7867	79.3
October	15.1	−0.7	n.a.	0.7812	80.2
November	15.6	*−0.8*	*n.a.*	0.7786	*80.2*
December			n.a.	0.7775	80.1
January 1995					

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

Clinton to oppose tort law change

By Jurek Martin in Washington

The Clinton administration has decided to back opposition to Republican proposals to reform the country's civil law system which will be debated in the House of Representatives this week.

Ms Janet Reno, the attorney general, and Mr Abner Mikva, White House legal counsel, yesterday wrote to Mr Newt Gingrich, Speaker of the House, charging that the draft legislation would "tilt the legal playing field dramatically to the disadvantage of consumers and middle-class citizens".

In an interview with the New York Times, Mr Mikva, a former congressman and federal appeals court judge, commented: "When I look at bills like these I can believe that Speaker Gingrich means what he says when he describes himself as a revolutionary."

The proposals would impose strict limits on the punitive damages in legal cases involving product liability, medical malpractice and personal injury; would require the "loser" in such suits to pay the legal costs of the winner, and would establish federal standards in product liability cases determined by state courts.

In all areas of the law, the proposals would limit the award of punitive damages to $250,000 (£154,000) or three times the compensatory damages, whichever is greater. Multi-million dollar damage claims are now routinely sought in lawsuits, though by no means always granted in successful litigation.

The purpose of these reforms to the tort laws, according to the Speaker's Contract with America reform programme, is to discourage frivolous suits that block the courts, and to relieve the potential burden on companies and professionals such as doctors, who are now obliged to have expensive malpractice insurance.

Threatening a presidential veto, Mr Mikva said the Republicans were turning their standard anti-government arguments on their head by seeking to impose federal damages standards on the states. The letter to Mr Gingrich describes this as "a disturbing and unprecedented federal encroachment on 200 years of well established state authority and responsibility".

He also objected to the "loser pays" provision which is standard practice in Britain. This, he argued, "frankly is a total deterrent to small people bringing lawsuits".

Already a national broadcasting campaign against the Republican proposals has been launched.

One recently released radio commercial claims that individual rights under the law are at risk.

Currently, the Republican reforms are scattered through three bills, but this week's plan is for them to be consolidated into one, with a vote scheduled by the end of the week.

Mr Gingrich's success to date in getting items in the Contract passed by the House would suggest another victory ahead, but he has predicted it will not be easy and the outcome in the Senate is far more doubtful.

Marines try a little tenderness

Bernard Gray on a new wave of non-lethal weapons the Pentagon hopes will make peacekeeping less deadly

The hard men of the US marine corps stormed up the beaches of Somalia last week carrying an array of deadly looking weapons.

In fact, they were not deadly at all, which is precisely the point of them.

The foam guns, sticky immobilisers, rubber grenades and wood-chip shotguns are part of a programme to produce non-lethal weapons that can break up opposition to US forces without unnecessary loss of life.

Plans for such weapons got short shrift at first from the Pentagon. But defence scientists who are no longer needed to design equipment ranging from nuclear weapons to phosphorus grenades have worked hard to sell the idea.

Some from the country's most prestigious laboratories, such as the Los Alamos nuclear weapon design centre, have for several years been working on a bizarre range of ways to frustrate opposition to US forces. The marines who went to help in the UN withdrawal from Somalia were carrying the first fruits of that effort, most of which is aimed at crowd control.

The shoulder-mounted foam gun – connected to a 275 gallon water tank on wheels – fires a wadge of foam 200 feet long and 20 feet wide to act as a barrier in a riot. The foam is thicker than the suds which float on washing up, but not much. Its effectiveness derives from the tear gas laced through it. The irritation the foam causes to eyes and skin will tend to break up a crowd, and is a more discriminating way to target groups than the old method using tear gas cartridges.

For the more violent protester, the marines also carry a sticky foam "toffee" gun. This uses a high pressure hose to coat an enemy in a goo which makes it hard to move. The marines call it a "hi-tech lasso" and scraping it off is "a very lengthy process", according to a senior Pentagon official.

Sticky immobilising in practice: US troops get down to some non-lethal weapons training AP

There are more immediately painful incentives to do what the nice officer tells you. Rubber grenades – called "stingers" – explode like the real thing, but the shrapnel they produce is small pieces of rubber, causing about as much pain as a heavy bee sting. Given that a protester is likely to be hit by a dozen or more fragments, there is enough pain to deter all but the most determined from rioting.

And to break up that really determined crowd, the marines have a range of wooden, rubber and foam pellets which can be fired from 12-bore shotguns and grenade launchers. The idea is to ricochet the pellets off the ground and hit the crowd in the legs, causing bruising and giving plenty of reason to move elsewhere.

Most of these weapons are for use in peacekeeping operations. There are, however, proposals to use some non-lethal technologies in all-out warfare.

A super-slippery slime is being developed to spray on to roads, making them like ice-rinks and completely impassable to cars. An early version was first tried out in the Vietnam war 20 years ago where it was not very effective, but the technology has been refined since then. The slime is intended to make roads unusable and pen an enemy up as an alternative to the strafing which made the Basra road evacuation a bloodbath during the Gulf war.

Another line of attack is electronic warfare, which interferes with communications and other electrical equipment. Some systems are being tested which would interfere with cars' ignition systems and make them impossible to start.

Whether such systems will catch on in other countries is unclear. With US public opinion highly sensitive to the number of casualties caused in a conflict, the Pentagon has a special incentive to try. The increase in the number of peacekeeping missions also calls for action short of all-out attack.

Yet other countries are less bothered and still believe strongly in the deterrent power of a fully loaded rifle.

Indeed, the real application of these ideas may not be on the battlefield. The suggestion to use these weapons in Somalia came from marine reserves whose full time jobs are as members of the Los Angeles Police Department.

The LAPD-marines had previously trained with some of the equipment, which they showed to the regular marine corps officers. The main use of such exotic new weapons could, in fact, turn out to be closer to home.

Beijing promises curbs on wasteful expenditure

By Tony Walker in Beijing

China has pledged further curbs on wasteful spending in an effort to ease inflationary pressures and restrain its budget deficit, expected to reach Yn66.6bn (£4.86bn) this year.

Speaking on the second day of China's annual parliamentary session, Mr Liu Zhongli, finance minister, urged the implementation of "fairly stringent" fiscal policies. He blamed excessive capital spending for a "growing deficit" and an accumulation of "huge debts" in the state sector. Losses and waste in the use of funds had been heavy, he said.

Continued austerity was consistent with the need to restrain price increases. "This is a major issue that has a bearing on the vital interests of the people and is indispensable for maintaining a favourable environment for deepening reform," Mr Liu said.

China's projected deficit for 1995 is marginally less than the budgeted figure for last year of Yn66.9bn. The actual deficit in 1994 was Yn63bn, according to preliminary figures.

A western economist in Beijing said Mr Liu had "obviously set out to bring down an austere budget". The projected deficit for this year represented a decline in real terms and relative to the size of the economy. But the economist also said China's financial situation was complicated by the size of off-budget items such as contingent liabilities. State-owned enterprises were deeply in debt to each other and to banks.

In 1995, China expects revenues of Yn569.2bn, an increase of 9.9 per cent over 1994. Expenditures would be in the order of Yn635.9bn, up 8.3 per cent. Mr Liu blamed a wages explosion, partly due to inflation, for pressure on spending in 1994. Revenue forecasts were exceeded because tax receipts were higher than expected.

Among other main points of the budget statement were:

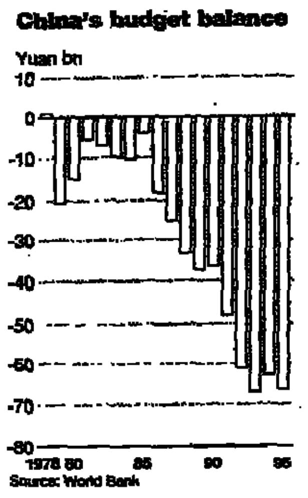
- Defence expenditures were set to rise by 14.6 per cent to Yn63.09bn. Budgeted military outlays, however, are believed to account for less than half of actual spending.
- Investment in agriculture support would increase by 13.7 per cent to Yn41.7bn in line with government attempts to boost grain production.
- Greater effort would be made to improve the working of the new tax system, including value-added and consumption taxes.
- China planned to raise Yn152bn in domestic debt including the issue of treasury bonds.

Mr Liu estimated that debt service this year for both domestic and foreign borrowings would amount to Yn86bn, an increase of 57 per cent over last year. He warned of a growing debt burden. "Due to our country's present level of outstanding debt, the expenditures for servicing principal and interest will grow larger and larger during the Ninth Five-Year Plan (1996-2001)."

Government departments were urged to tighten their belts. "We shall strictly control the scale of investment in fixed assets and curtail the excessive growth of institutional spending," Mr Liu said. He singled out "serious overspending on construction", saying much waste was due to inaccurate feasibility studies and improper management.

Mr Chen Jinhua, state planning minister, told MPs the government would not relent from its current credit squeeze as part of belt-tightening.

China's budget balance



Source: World Bank

Hong Kong voters rebuff China in local elections

By Simon Holberton
in Hong Kong

Hong Kong's voters delivered a rebuff to the Chinese government in local government elections held on Sunday when they largely ignored Beijing-sponsored candidates and voted for the colony's pro-democracy political parties.

It had been widely expected that so-called "pro-China" candidates would do well in Sunday's poll. Despite the efforts of Beijing's representatives in the colony to present a more accommodating image, affiliation with the Chinese government proved an electoral liability rather than an asset.

Turnout was higher than expected, prompting some analysts to predict up to 1m voters might exercise their rights in September's elections for the Legislative Council, Hong Kong's lawmaking body. On Sunday 25.8 per cent (562,000) of the electorate voted, compared with 23.1 per cent in 1991. Last year, China said it would annul the result of this election and others held according to Governor Chris Patten's political reform package. Sino-British co-operation on Hong Kong's political development collapsed in December 1993 when talks between the two broke down.

Beijing's participation in the poll raised hopes it might not enforce its threat. Failure of Beijing's candidates to make much headway in the latest poll is likely to be used by those in the Chinese government who have advised against participation in the colony's politics.

Chinese officials were active in mobilising "patriotic" groups to contest the 32 seats in the colony's urban council and the regional council's 27 seats. The two councils are responsible for $1bn (£633m) annual spending and are largely independent of the Hong Kong government. "We saw that essentially anti-Communist strain that surfaces when Hong Kong people are asked the question," one Hong Kong official said.

The Democratic Alliance for the Betterment of Hong Kong (DAB), Beijing's party in the colony, won eight of the 17 seats it contested. Mr Tsang Yok Sing, DAB chairman, said no drastic changes would be made to the party's election fighting strategy.

The Democratic party, the main pro-democracy group in Hong Kong, contested 36 seats, winning 23. Last week, the Democrats, who had publicly said they expected to win 22 seats, feared they might win fewer than 18.

The Democrats' smaller rival for the pro-democracy vote, the Association for People's Livelihood and Development (ADPL), won eight of the nine seats it contested. The two parties combined have a one-seat majority on the regional council and more than a third of the seats on the urban council.

Mr Patten said he hoped there could be greater co-operation with China on matters relating to the transfer of Hong Kong's sovereignty in 1997. On Sunday, China's premier Li Peng said he hoped Britain would abide by the 1984 Joint Declaration.

Three Democratic party members celebrate their victory in Hong Kong's municipal elections AP

ASIA-PACIFIC NEWS DIGEST

Malaysians sue Crédit Suisse

Berjaya, the Malaysian industrial group, said yesterday it was taking legal action against Crédit Suisse in a suit seeking a total of M$500m (£121m) and was asking the courts to nullify a derivatives deal on which it faces losses of up to $14m (£8.6m). The move is the third in a wave of lawsuits surrounding a disputed interest rate swap transaction.

The group accused CS First Boston (Singapore), CS First Boston (Hong Kong) and Crédit Suisse Financial Products, London, of "negligent misrepresentation and/or negligence" in the suit filed in the High Court of Kuala Lumpur last Wednesday. Also named as a defendant was Public Bank's offshore unit in Labuan, in eastern Sabah state. It is asking that Public Bank Labuan declare null and void the interest-rate swap deal said to have been entered into by Berjaya Corp (Cayman).

The proceedings came more than a month after Public Bank Labuan filed a writ in a high court in London to claim "damages for breach of an oral contract" first entered into on November 15, 1993. Berjaya said the swap deal was entered into by two of its senior executives without proper authorisation of the board. The two executives, Mr Yong Teck Ming and Mr Tan Koay Lye, were suspended. In late December Mr Yong, who left the company, said he was planning to sue units of Crédit Suisse for at least $50m in damages for ruining his career. *Reuter and AFP, Kuala Lumpur*

Zhirinovsky redraws India

Mr Vladimir Zhirinovsky, the Russian ultra-nationalist leader, calling for a redrawing of national boundaries through a large swath of Asia, said on a visit to New Delhi yesterday he wanted Pakistan and Bangladesh to be folded into India. He also said Russia and India, separated by several Central Asian countries, should share a common border.

"When I was born in 1946, there was only India. There was no Pakistan, no Bangladesh. I would like to die at a time when (it) would be the same," he said on arrival. His 30-member delegation includes five deputies of his Liberal Democratic party (LDP), one of the biggest groups in the State Duma, the lower house of parliament. He added that Russia could swap land with Afghanistan to bring the two countries together. Mr Zhirinovsky's visit is being hosted by the state-run Indian Council for Cultural Relations. *Reuter, New Delhi*

ADB takes strong forest line

The Asian Development Bank said yesterday it was adopting a new lending policy designed to arrest the "alarming" destruction of Asia's tropical forests. It would refuse to finance "any rural infrastructure or other public investment projects that contribute to the loss of forests" and would promote energy pricing policies to promote "the use of fuelwood alternatives such as bio-gas, kerosene and solar power".

It will also support projects to create jobs in rural areas that are "designed to draw people away from illegal forest exploitation" and will direct agricultural assistance to "encourage intensive production on existing lowlands rather than on farming by clearing forest lands". A statement from the multilateral lender said "the rate of deforestation is alarming", with the region's forest area reduced by 9 per cent, or 45m hectares (111.15m acres), between 1980 and 1990, which was nearly double the annual replanting rate of 2.1m hectares. *AFP, Manila*

■ Philippine inflation dropped to 5.1 per cent last month, down from 6.2 per cent in January and less than half the 10.5 per cent figure recorded this time last year, the National Statistics Office said yesterday. Lower fuel and water charges were the main reason for the slowing in inflation to the smallest rise in the consumer price index since June 1987. *Edward Luce, Manila*

■ Taiwanese consumer prices rose 3.43 per cent year-on-year in February. Inflation for the whole of 1995 is seen at 3.71 per cent, down from 4.09 per cent in 1994, said Mr Hsu Chang-yao, deputy director general of the Bureau of Statistics. *Reuter, Taipei*

Nine Japanese companies face collusion charges

By Michiyo Nakamoto in Tokyo

Japan's antitrust watchdog yesterday filed criminal charges against nine Japanese electrical machinery makers suspected of rigging bids for public sewerage contracts.

The Fair Trade Commission launched criminal proceedings against Hitachi, Toshiba, Mitsubishi Electric and six other companies it believes have arranged successful bids for electric equipment contracts for the Japan Sewage Works Agency.

The move has attracted interest as the first time the FTC has filed charges against leading Japanese companies and only the second criminal charge since the country's antitrust rules were tightened in 1993. The agency has frequently been criticised for its lack of teeth in combating unfair competitive practices.

The nine companies charged yesterday are suspected of having formed a cartel which received advance notice of the Sewage Works Agency's annual procurement plan, and holding discussions over many years to determine each company's share of the projects.

The criminal charges refer to alleged collusion in 1993.

Investigations of the cartel suggested that it was not only sanctioned but encouraged by the Sewage Works Agency which conducts tenders for the public works contracts on behalf of local governments. The agency is supervised by the Construction Ministry from which it receives many of its officials.

The agency is alleged to have asked the accused companies to submit bids according to the mutually agreed rules. It frequently comes under pressure from politicians and local authorities to award bids to specific companies and the cartel system is thought to have enabled it to reflect such vested interests, industry members explained.

The FTC, which was yesterday confident that its latest move would help prevent similar bid-rigging activity, has frequently been criticised for its reluctance, or inability, to charge leading companies that are widely thought to conduct such cartel activities routinely.

Japan has faced criticism about collusion internally and from its trading partners, notably the US which has often charged that widespread collusive practices act as unfair barriers preventing foreign companies from further penetrating Japanese markets.

Muted bark of market watchdog

Barings affair raises Japan supervision questions, writes **Gerard Baker**

The revelation at the weekend that leading Japanese banks may have more than Y60bn (£392m) in loans to Barings, the collapsed British merchant bank, has raised new questions in Japan about the effectiveness of the country's financial supervision. The débâcle has already caused dislocation in the country's stock market, and the banks' problems will exacerbate the mood of financial uncertainty that prevails in Japan.

Japan's powerful finance ministry might have been forgiven a temptation to crow in the immediate aftermath of the collapse of Barings. The country has long been pilloried for rules that are thought to deter investment in its financial markets, especially in derivatives.

The finance ministry has defended these regulations by claiming they provide the best investor protection in the world. And it seems likely that some of the restrictive rules under which Barings operated in Japan may have prevented a more frightening collapse.

One regulation that has been a particular bugbear of the foreign financial community requires hefty margin payments on contracts on the Osaka Securities Exchange (OSE). Investors wishing to take a position on the Osaka market must deposit with the exchange 30 per cent of the initial value of the contract. In Singapore the figure is a fraction of that. As a result, large volumes of futures business have moved from Osaka to Singapore in the last three years.

Yet when an institution fails, and is unable to meet its obligations, as in Barings' case, the financial community is better protected by the Osaka regulations. The large margin payments on the OSE mean the exchange was comfortably able to finance the losses without having to demand support from the members of the exchange – other brokers. The Osaka authorities say their expensive system was effective in containing the fall-out from Barings.

Japan's bureaucrats will also feel vindicated in their somewhat disapproving approach to derivatives trading in general. In spite of pressure from would-be investors and foreign governments, the finance ministry has dragged its feet in liberalising the rules. The most prohibitive regulation – one that prevents trading instruments such as futures off-exchange – has its roots in anti-gambling measures. The ministry is reviewing these rules but the Barings collapse is likely to make its steps even slower.

Indeed, it was the law forbidding the off-exchange trading of futures that in effect scuppered hopes of an immediate "lifeboat" rescue for Barings. When the Bank of England approached the Bank of Japan 10 days ago in an effort to enlist its help in persuading Japanese banks and brokers to take on the loss-making Barings positions, the Japanese central bank replied that its hands were tied by the law.

"The MoF will not have been at all unhappy over the renewed concern about derivatives that has arisen from the Barings collapse," said one analyst with a US company. "It could set the reform process back a while."

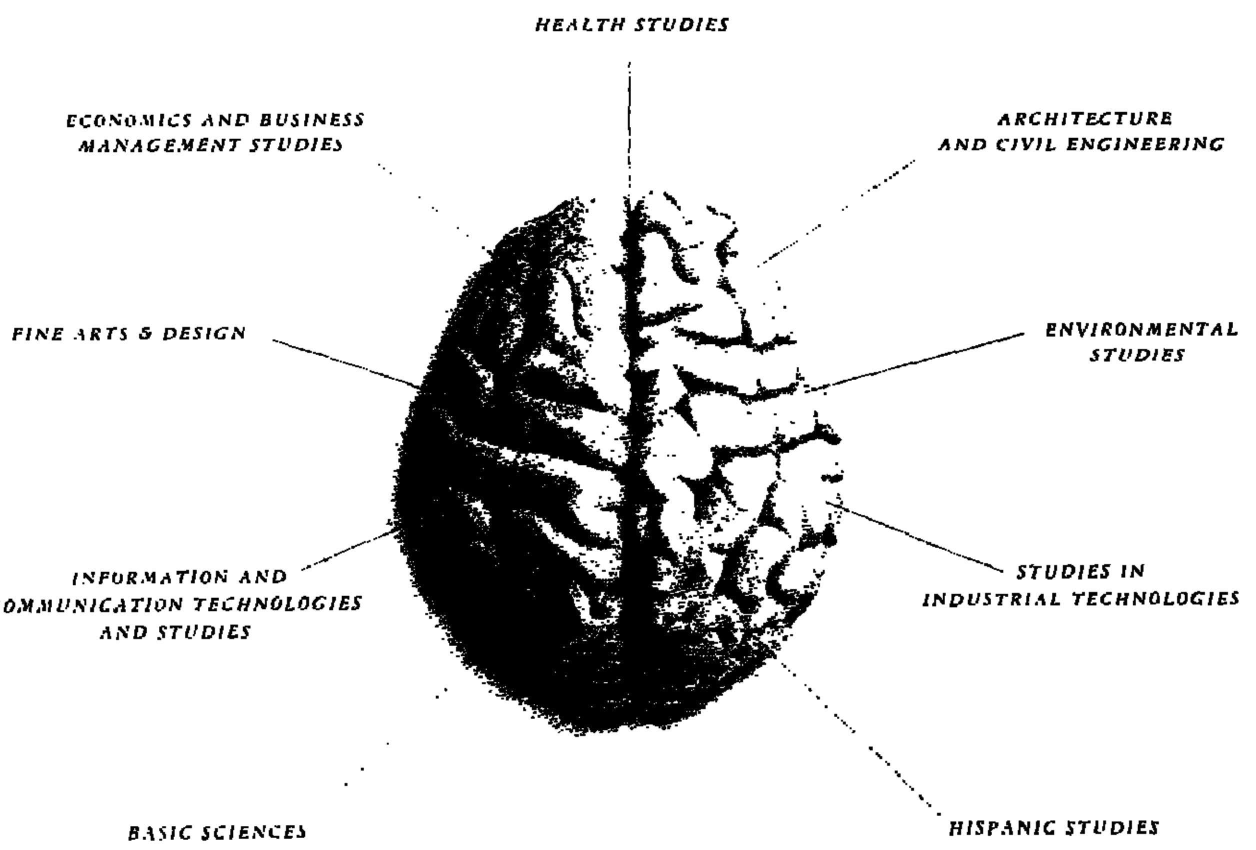
While the authorities are likely to feel some satisfaction that their cautious attitude towards liberalisation has been justified, they are no better able to explain why so little was done about the warning signs Barings was giving off than are their counterparts in the UK and Singapore.

For some months the bank had been amassing a substantial position in Nikkei futures on the Osaka exchange. This should have caused particular concern for the Japanese authorities because such a long position carried with it a substantial threat for the whole Japanese financial system. Were those long positions to be unwound quickly (as happened) the consequent slump in the market would have been to weaken further Japan's banks by reducing the value of their shareholdings.

So the Japanese had more reason than most to keep a close watch on Barings' long positions. Though neither the Bank of Japan nor the ministry of finance would comment publicly, it has been widely reported in Tokyo that the central bank had approached the OSE and Barings on two occasions in the last month to ascertain the safety of the positions being built. It was, apparently, given satisfactory answers. But it is unclear how rigorously those answers were pursued, by either the OSE or the central bank.

There are concerns, too, about Japan's role in the international regulatory arrangements laid bare by the affair. There is no evidence that the Japanese regulators alerted other authorities about what it knew until it was too late. Rivalry between the Osaka and Singapore exchanges is fierce – Osaka is somewhat miffed at having lost so much business to Singapore – and critics say that this has resulted in insufficient co-ordination between them.

This is perhaps the most troubling aspect of the affair from the regulator's viewpoint. For all the close control exercised by Japanese authorities, in a global market where banks are capitalised in one country and taking risks in another, without proper co-operation among the policemen financial mishaps can happen.



Gore to meet top Tory over Irish peace

By John Murray Brown in Dublin and John Kampfner in London

Sir Patrick Mayhew, Northern Ireland secretary, yesterday flew to Washington for the first talks between the UK government and the Clinton administration since publication of the Anglo-Irish Framework Document aimed at securing peace in the troubled British province.

Sir Patrick is scheduled to meet Vice-President Al Gore, Mr Warren Christopher, Secretary of State, and Mr Tony Lake, National Security Adviser, as well as leading figures on Capitol Hill.

Officials said Sir Patrick would give an "upbeat assessment" of progress towards a Northern Ireland political settlement despite the pro-British Ulster Unionists' denunciation of the document and ending of links with the Conservatives.

"There are welcome signs that the constitutional parties will be talking about the issues raised in it," Sir Patrick said before leaving Britain. "I believe the (US) administration will wish to encourage this and the more encouragement that comes from Washington the better."

Sir Patrick is also likely to enquire about any decision on a visa application for Mr Gerry Adams, president of Sinn Féin, the political wing of the Irish Republican Army.

Mr Adams' last visit was made conditional on not taking part in fund-raising and there has been growing concern at Westminster that such a restriction might be waived.

As he embarks on the difficult task of establishing talks between Northern Ireland's parties, Sir Patrick has offered to upgrade exploratory meetings with Sinn Féin to ministerial level if it promotes progress on arms decommissioning. The US has also stepped in with a call to the IRA to hand over its weapons.

Meanwhile, Ulster Unionist MPs yesterday threw their weight behind proposals for an outside organisation to be engaged to help facilitate the decommissioning of paramilitary weapons.

The unionists are keenly aware that after what they see as the snub by the UK government, they may have no choice but to show some flexibility. Their plan is for an international disarmament commission headed by a "person of international repute" such as a former commander in Bosnia, to be set up to deal directly, "without interference" with the paramilitaries.

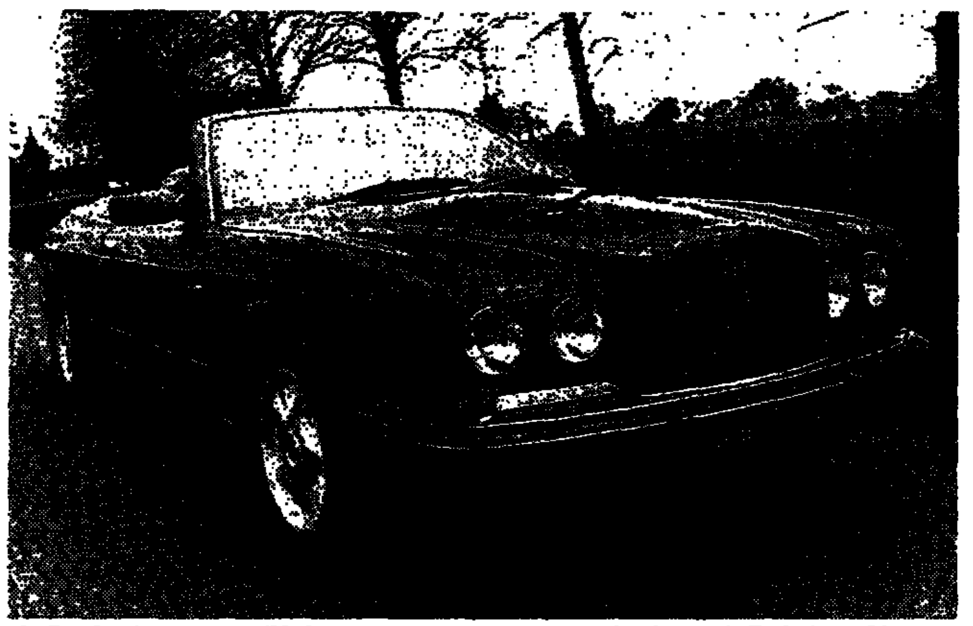
The move is clearly aimed at turning public attention back on the IRA.

By internationalising the arms issue, they believe the goodwill of the IRA can be put to the test after a period in which Sinn Féin has been perceived as taking a more constructive role in the political process.

■ Latest Bentley will cost $342,000 ■ Choice of partner explained ■ Rover market share slips

R-R aims at closer BMW links

By Kevin Done, Motor Industry Correspondent



The Bentley Azure convertible is the most expensive series production car in Rolls-Royce history.

Rolls-Royce Motors Cars will unveils at the Geneva motor show today a flagship model for the group, the £215,000 ($341,850) Bentley Azure convertible.

Rolls-Royce hopes that the new model, the most expensive series production car in the group's history, will help to boost profitability in a period when its overall sales volumes are recovering only slowly from the low point of the last recession.

The company is also extending its collaboration with BMW of Germany, with which it reached an engine supply agreement at the end of last year.

Sir Colin Chandler, chief executive of R-R's parent group Vickers, said Rolls-Royce would derive other key components from BMW technology including air conditioning, brakes and gearboxes.

In addition the two groups expected to decide later this year on a joint venture project to develop a "smaller" Bentley convertible and coupé based on the Java concept car unveiled at last year's Geneva motor show.

The two groups were studying the styling, technology and pricing of the car, which would be based on a BMW chassis platform, Sir Colin added.

A decision to go ahead with the Java project could lead to a virtual doubling of production volumes by Rolls-Royce Motor Cars by the end of the decade.

The company believes the car would sell for £90,000 to £100,000, which would bring it into direct competition with luxury sports cars such as the Mercedes-Benz 600 SL and the Aston Martin DB7. Output could total 1,500-2,000 a year.

Sir Colin said Vickers had chosen BMW in preference to Mercedes-Benz as a partner for Rolls-Royce because its "pricing was a bit more competitive".

In addition BMW had been "very quick and responsive", whereas Mercedes-Benz "was a bit more bureaucratic". Vickers also believed that BMW "would try harder", as there was "more of a gap" between its cars than Mercedes-Benz's with the Rolls-Royce and Bentley ranges.

The Bentley Azure, unveiled today and designed in collaboration with Pininfarina, the Italian design house, will have a top speed of 150mph, 0-to-60 acceleration of 6.3 seconds and an urban fuel consumption of 9.9 miles per gallon.

Only 118 of the cars, a convertible version of the Bentley Continental R coupé launched at Geneva in 1991, will be sold this year.

Sales of Rolls-Royce and Bentley cars rose only modestly by 4 per cent to 1,414 last year from 1,360 a year earlier. Profitability improved strongly, however, as a result of a much richer product "mix" with increased sales of the group's more prestigious models including a rise in the number of "bespoke" models produced by its Mulliner Park Ward specialist coachbuilding division.

Operating profits of Rolls-Royce Motor Cars rose to about £14m last year from less than £4m in 1993 following trading losses of more than £20m in 1992 and more than £30m in 1991.

Vickers expects Rolls-Royce car sales to rise by about 10 per cent this year to between 1,550 and 1,600 with an increasing trend towards the higher-margin models such as the Azure.

The company has been drastically restructured to take account of the steep fall in sales it suffered in 1991 and 1992. It has reduced its break-even production level to fewer than 1,300. Output totalled 1,356 last year compared with 1,263 in 1993 and was still much less than half the 3,274 cars produced in 1990.

Last year's sales of 1,414 compared with the record 3,333 achieved in 1990. While sales rose last year by 27 per cent to 460 in the UK and by 22 per cent to 116 in Japan, volumes fell by 6 per cent in North America to 335 and by 11 per cent in mainland Europe and by 6 per cent in the Middle East.

Roll down sunroof, Page 15

Fleet buyers boost sales for mass-market manufacturers

REGISTRATIONS OF NEW CARS	Feb 1995			Feb '94
	Volume	Change%	Share%	Share%
Total market	152,329	+4.6	100.0	100.0
UK produced	60,136	-2.6	39.5	42.5
Imports	92,193	+10.0	60.5	57.5
Japanese makes	17,574	+16.2	11.5	10.4
Fleet/Business#	84,772	+11.5	55.7	52.2
Private##	67,557	-3.1	44.3	47.8
Ford group	33,743	+3.4	22.2	22.4
– Ford	33,161	+3.6	21.8	22.0
– Jaguar	582	+6.8	0.4	0.4
General Motors	24,768	-9.2	16.3	18.7
– Vauxhall	23,759	-9.4	15.6	18.0
– Saab*	1,009	-3.5	0.7	0.7
BMW group	22,503	+1.4	14.8	15.3
– Rover**	17,946	-3.5	11.8	12.8
– BMW	4,557	+26.4	3.0	2.5
Peugeot group	17,584	+5.8	11.5	11.4
– Peugeot	12,376	+7.4	8.1	7.9
– Citroen	5,208	+2.2	3.4	3.5
Renault	10,924	+24.3	7.2	6.0
Volkswagen group	9,008	-4.8	5.9	6.5
– Volkswagen	6,130	+2.5	4.0	4.1
– Audi	1,029	-32.2	0.7	1.0
– SEAT	1,036	+8.0	0.7	0.7
– Skoda†	814	-15.5	0.5	0.7
Nissan	7,080	+37.3	4.7	3.5
Fiat group††	6,039	+48.7	4.0	2.8
– Fiat	5,858	+51.2	3.9	2.7
– Alfa Romeo	173	+4.8	0.1	0.1
Toyota	4,311	+5.1	2.8	2.8
Honda	2,976	+41.6	2.0	1.4
Volvo	3,186	-2.7	2.1	2.3
Mercedes-Benz	2,606	+17.6	1.7	1.5
Mazda	1,213	-38.0	0.8	1.3

*GM holds 50% of Saab Automobile and has management control. **Includes Range Rover/Discovery. †VW holds 60.3% of Skoda. ††Includes residual Lancia registrations. #Purchases by fleet operators and companies. ##Purchases by private buyers.

Source: Society of Motor Manufacturers and Traders

Registrations of new cars rose last month for the first time since September. But the increase was due solely to fleet and other business buyers. Private purchases remained below their levels of a year before, as they have done repeatedly since last summer.

Fleet and business purchases were 11.5 per cent higher last month than in February 1994, but private purchases were 3.1 per cent lower. Figures for registrations of commercial vehicles, also published yesterday, emphasised that the motor trade and industry's problems are confined entirely to the private sector. February saw a 28.1 per cent surge in registrations of vans, trucks, buses and coaches to 20,896, leaving the total for the first two months of the year as a whole 25.8 per cent higher, at 33,954.

Total new car registrations for the first two months, at 343,515, were 0.2 per cent lower than in the same period last year. Private purchases were 8.9 per cent lower, year-on-year, and fleet and business purchases 8.5 per cent higher.

The gap between market leader Ford and second-placed General Motors widened last month, with the GM's ageing Vauxhall Cavalier losing ground to Ford's Mondeo. Rover also lost ground.

Police to target animal activists

By James Harding

Britain's senior police officers are to launch a co-ordinated assault on violent animal welfare activists.

Under the plan drafted by the Metropolitan Police Special Branch, which is being examined by the Association of Chief Police Officers, resources from the anti-terrorist branch of Scotland Yard would be deployed to crack down on animal rights-related crimes.

The initiative follows a meeting last month between Mr David Maclean, a Home Office minister, and Sir David Naish, president of the National Farmers' Union, to discuss the problems of policing animal welfare protests. Sir David has voiced farmers' concerns that a radical element is hijacking the animal welfare movement. The NFU said: "Law and order must be maintained and our members, many of whom have been threatened, would welcome a measure which reassures them of their safety."

According to Special Branch figures there were 585 incidents involving animal rights campaigners in the first eight months of last year. The vast majority of the cases involved criminal damage, at a total cost of £5.38m ($8.55m).

Non-violent animal welfare campaigners, however, feared the move could discredit "what is an overwhelmingly peaceful movement". Although they endorsed the fight against violence, peaceful campaigners were "deeply concerned" that "the overall package might stifle legitimate protest".

Police officers emphasise that the campaign is directed at violent extremists and not peaceful protesters. Scotland Yard hopes that skills employed in tracking terrorists may be appropriate in fighting animal welfare activists who are prepared to use criminal tactics to further their cause.

Fresh embarrassment as Major's government suffers 13th rapid exit

Science minister resigns over affair

Mr John Major lost his 13th government member over alleged improprieties yesterday, our Westminster Correspondent writes. Mr Robert Hughes, a junior minister, resigned after admitting to an extra-marital affair.

Mr Hughes, number two at the Office of Public Service and Science, was replaced by Mr John Horam, who returns to government benches for the first time since serving as junior transport minister under the 1976-79 Labour administration.

Mr Horam moved to the breakaway Social Democratic Party in 1981 and joined the Conservative party in 1987.

The sudden resignation marks the latest in a series of embarrassments for the government that can be traced back to the prime minister's ill-fated "back to basics" campaign of 1993 and its emphasis on family values.

MPs speculated that Mr Hughes felt obliged to quit to pre-empt revelations in a tabloid newspaper. The decision testifies to sensitivities in cabinet, with ministers now under pressure to resign at the first sign of trouble.

As Downing Street sought to limit the damage of the latest revelation, Mr Hughes appeared with his wife outside his Harrow West constituency office to comment on an affair said to have taken place six months ago.

The choice of Mr Horam, 56 today, as his successor surprised many at Westminster.

After serving in the Callaghan cabinet, Mr Horam broke away to join the Social Democrats in 1981. He lost his seat two years later, joined the Conservatives in 1987 and was elected to the safe seat of Orpington in the 1992 election.

Labour MPs were quick to mock Mr Horam's transfer between three parties. Mr Kevin McNamara, an opposition front bench spokesman, said: "I sympathise with you in your predicament that having started off with such high hopes in this House as a sponsored member of the Transport and General Workers' Union, you should have ended up as a junior minister in the most discredited government this century."

Robert Hughes admitted to an extramarital affair

● Members of the House of Commons' Privileges committee met last night to examine a draft report outlining actions they could take against three Tory MPs who are alleged to have received cash for tabling parliamentary questions.

The MPs – Mr Graham Riddick, the member for Colne Valley, Mr David Tredinnick, the MP for Bosworth, and Mr Bill Walker, the MP for North Tayside – are alleged to have breached parliamentary rules by each accepting payments of £1,000 from a Sunday Times reporter, posing as a businessman, to ask questions of ministers.

It is understood that the report, which was drawn up by the committee's clerk, outlines the full range of punishments which the committee could impose on the MPs, but suggests that the individuals are subject to different degrees of culpability.

UK NEWS DIGEST

Official forecast of immigration rises sharply

Nearly 1m immigrants are expected in Britain over the next 20 years, partly because of an unexpected influx of people from the European Union, say government projections. The figures, compiled by the Department of the Environment, represent a sharp change from government estimates in 1991, when zero net migration was forecast.

The inflow of new citizens will contribute to the country's need for extra homes, which most housing groups already estimate at 1m. This is due to rising divorce and life expectancy rates, as well as a growth in the number of single-parent households. The population of Greater London is projected to rise by 474,000 between 1993 and 2011. A net 1.05m people are expected to leave the capital for other parts of the UK, but a net inflow of people from abroad is forecast at 690,000 for the same period, with natural growth raising London's total population to 7.4m from 6.9m.

The report comes three weeks after Mr Charles Wardle resigned as a junior trade minister, warning the government that the EU might force the UK to relax its border controls. Mr Wardle said this would help non-EU citizens to enter the UK. The DoE's projections do not take this possibility into account.

As well as coming from the EU, the immigrants are also expected from Africa, south Asia and the Caribbean. The government expects each year an additional 20,000 asylum seekers and "visitor switchers". The latter come to the UK for a year or less and are then allowed to stay longer, usually because they marry or start studying. Over the same period, a net outflow of 20,000 people each year will go to Canada, New Zealand, Australia and the US. According to the government figures, the total number of households in England will rise by nearly a quarter, from 19.2m in 1991 to 23.6m in 2016. The forecast growth is 50 per cent faster than had previously been projected. The number of households in the UK rose by more than 40 per cent between 1961 and 1993, while the average household size fell from 3.1 people to 2.4. *Simon Kuper*

Managers win big pay rises

Management pay rises are running at their highest level for two years, says the pay information specialist Incomes Data Services. Rises for managers and professional staff in the private sector rose to an average of 3.6 per cent in the three months to January 1995, it adds. This compared with an average of 2.9 per cent in the same period a year before.

Incomes Data says pay freezes have virtually disappeared and most rises are in the 3 per cent to 3.9 per cent range. It adds that recruitment and retention problems have re-emerged as a reason for paying extra to some specialist groups such as information technology employees.

Richard Donkin, Employment Staff

Union ballot soon at Barclays

Thousands of employees are to be balloted over strike action at Barclays Bank, which is today expected to report a sharp improvement in profitability. The Barclays Group Staff Union will ballot its 32,000 members after rejecting a 2.75 per cent pay offer. It complained that the proposed deal would be the third below-inflation award given to workers in successive years. The union, which represents two-thirds of Barclays workers, is demanding a 5 per cent rise.

Meanwhile the Banking, Insurance and Finance Union challenged Barclays directors to take the same pay rise as that planned for staff. Mr Rob MacGregor, assistant secretary with Bifu, said: "We don't want one law for the top and one law for the rest – all employees generate profits.

Andrew Bolger, Employment Correspondent

Post Office scorns strike

A strike by workers in Post Offices yesterday was dubbed a flop by managers who claimed that just 75 offices were closed by the action compared with 120 in a similar 24-hour strike before Christmas. The Post Office said 1,700 workers in its Counters division had backed the industrial action called by the Communication Workers Union in protest at franchising of main offices. The union has described the franchising as "backdoor privatisation". The union maintained that members in 19 regions including London, Glasgow and Bristol had taken part in the strike, which did not affect mail deliveries and collections. *PA News*

Nationalism surges in Scotland: Support for the Scottish National party outnumbers that for the governing Conservatives by almost 2 to 1, an opinion poll in the Glasgow-based Herald newspaper suggests. The SNP campaigns for full independence for Scotland outside the UK but inside the European Union. The poll of more than 1,000 voters late last month puts support for the opposition Labour party at 52 per cent with the nationalists at 25 per cent and the Conservatives at 11 per cent.

A show is born: Sir Andrew Lloyd Webber is to bring the Judy Garland musical A Star Is Born to the stage on Broadway and in London's West End. Sir Andrew has just bought the rights to the 1954 film, which has never been staged before, from Warner Brothers. "We are not absolutely certain whether it will premiere in the West End or Broadway but there will be productions in both London and New York," said a representative of Sir Andrew.

Stag hunters at bay: A dispute over whether a municipal authority has the power to ban stag hunting across the Quantock Hills in south-west England because it is "cruel" has begun in the Court of Appeal. Somerset County Council is challenging a High Court ruling that council members exceeded their powers when they voted in 1993 to ban hunting because it was "morally repugnant". More than 30 councils which have imposed similar bans are awaiting the outcome of the Somerset case.

Capacity shortages stack up over London

Airports are caught between reluctant residents and determined commercial rivals, says **Michael Skapinker**

To some in the airline industry, the British government's announcement last month that no new runways would be allowed in the London area spelled the end of the UK's premier position in European aviation.

Heathrow, Europe's leading airport, is heavily congested. Last summer many airlines were refused take-off and landing slots because there was no room for them.

Nevertheless, Mr Brian Mawhinney, transport secretary, ruled out a third runway at Heathrow and said Gatwick, London's second airport, could not build a second runway.

A few days later Schiphol, Amsterdam's airport, received Dutch government permission to build a fifth runway.

Opponents of new runways at Heathrow accept that, because of their actions, Heathrow and London could face long-term relative decline. Charles de Gaulle in Paris and Frankfurt airport both have ambitions to become Europe's leading airport.

It might take years for European airports outside the UK to catch up. In 1993 Heathrow handled 48m passengers, Frankfurt 33m, Charles de Gaulle 26m and Schiphol 21m. The campaigners accept that without expansion at Heathrow the non-UK airports will close the gap.

Mr Dermot Cox, a committee member of the Heathrow Association for the Control of Airport Noise, said: "I think that's a choice we're making."

Mr Brendon Sewill, chairman of the Gatwick Area Conservation Campaign, said the UK was too small and crowded to accommodate endlessly expanding airports.

Airport expansion around the world attracts environmental protests, often violent. The Heathrow and Gatwick campaigners are respectable, articulate and financially literate. Airline executives are astonished at their power.

London is a city that every airline in the world wants as a destination. How, the executives ask, can the government permit environmental protests to damage such an asset?

One organisation which takes a more cheerful view is BAA, which owns Heathrow and Gatwick. BAA last year asked the government to rule out a third Heathrow runway. Mr Richard Everitt, BAA's strategy director, said his organisation never believed a third runway was possible because it would have involved the demolition of 3,300 homes.

"In a democratic society, on a small island, the idea that you are going to blitz through three and a half thousand homes isn't a practical proposition," he said.

BAA says it can maintain Heathrow's leading position in Europe with only two runways. What it desperately needs is a fifth terminal. A public inquiry on plans to build one will start in May.

Mr Everitt said a fifth terminal would allow Heathrow to increase its passenger capacity to 80m through more efficient use of the existing two runways.

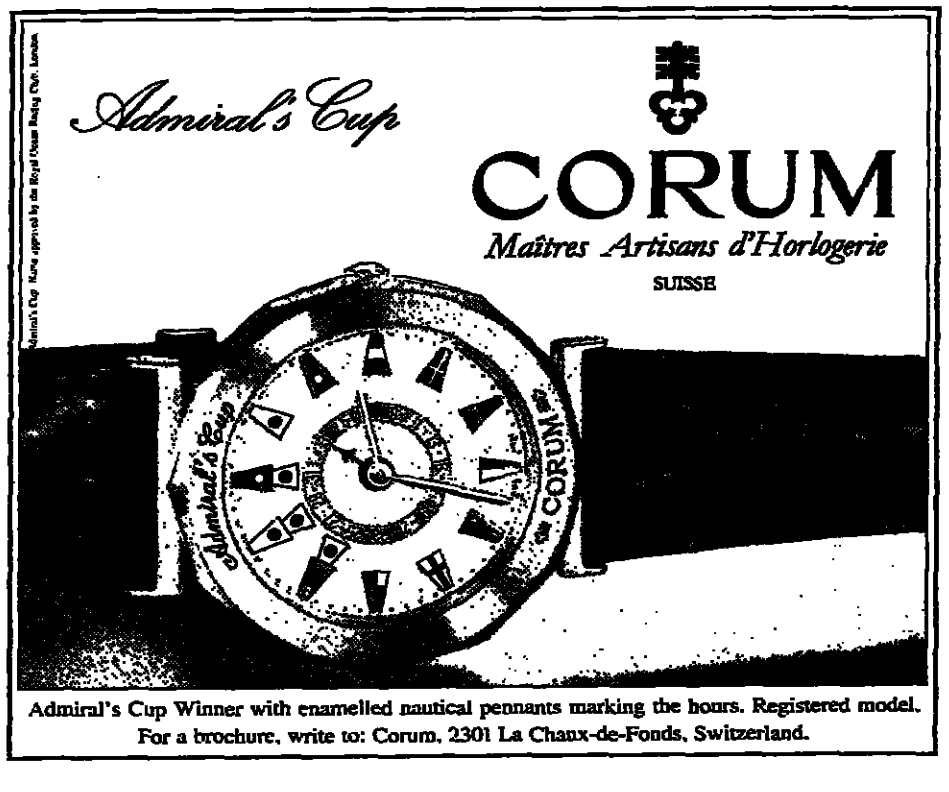
Heathrow uses different runways for take-offs and landings. At 3pm the runway used for take-offs in the morning and early afternoon becomes a landing runway.

The one used for landings in the morning is used for take-offs in the afternoon. As aircraft land and take off from different directions, this gives nearby residents one quiet period each day.

A study published last year by organisations such as BAA and the Civil Aviation Authority said that by using both runways for take-offs and landings the number of aircraft using Heathrow could be substantially increased. This might sound dangerous but BAA says it is commonplace.

Mr Everitt said, however, that these changes were not needed for Heathrow to accommodate another 30m passengers a year. Traffic could be increased, using the current runway set-up, by improving pilot landing techniques. Heathrow could also build rapid exit taxiways to reduce the amount of time aircraft spend on the runway.

BAA's difficulty is that campaigners are preparing a vigorous fight against a fifth terminal. Even optimists concede that if they win, London's position will be lost.



INTERNATIONAL PEOPLE

New head for Daimler service arm

■ **Klaus Mangold**, former chairman of the Quelle mail order group, will become chairman of Daimler-Benz InterServices in late May. He replaces Manfred Gentz who takes over responsibility for finance and personnel on Daimler-Benz's management board.

■ **Robert B Shapiro**, 56, chief executive of Monsanto, takes over as chairman on April 1 from Richard J Mahoney, 61, who has headed the company since 1983.

■ **Alfred Powis**, who has headed Canada's Noranda mining group for 27 years, steps down as chairman next month and will be succeeded by David Kerr, who will be chairman and chief executive.

■ **Olof Lundberg** is resigning as director general of Inmarsat, the international maritime satellite organisation, to be chief executive of Inmarsat-P, an affiliate developing a global mobile telephone service.

■ **Michael Baunton**, 44, has left Tenneco's Walker Manufacturing in the US, to return to the UK as chief executive of Varity Corporation's Perkins diesel engine business.

■ **René Karsenti**, treasurer of the European Bank for Reconstruction and Development, joins the European Investment Bank in May as director of finance and treasury. He will be replaced by his deputy, Mark Cutis.

■ **Edward E Sheridan**, 40, has replaced Joseph M Petri as head of Merrill Lynch's institutional client division. Petri, 42, is setting up his own money management firm. Joseph H Moglia, 45, who joined Merrill in 1984 after 16 years as a football coach, succeeds Sheridan as head of the municipal markets division.

■ **Arthur Stephens**, 46, president of Houston-based Brown & Root Services Corporation, has moved to London as chief executive of the firm's operations in Europe, Africa, and the former Soviet Union. He replaces Keith Henry, 50, who has left to be chief executive of National Power.

■ **Sir Denys Henderson**, who steps down as chairman of ICI next month, chairman of The Rank Organisation.

■ **Marco Landi**, 51, former president of Texas Instruments Europe, president of Apple Computer Europe. He replaces Sören Olsson who left last July.

■ **Norman Davidson Kelly**, a former executive director of Lasmo, senior vice president corporate business development at BHP Petroleum.

■ **Sir Neil Macfarlane**, 58, a former British government minister, chairman of Securicor Group and Security Services. He replaces Peter Smith, 74, who retires after more than 20 years heading the group.

■ **Steven G Lamb**, 38, chief operating officer of Case Corporation, the agricultural equipment maker. He will continue to head Case's European operations.

■ **David Kogan**, 37, who joined Reuters following its 1992 acquisition of Visnews, managing director of Reuters Television. He replaces Enrique Jara, 55, a former journalist who is moving to Argentina as director of television and new media development Latin America.

■ **Mark Soich**, a director of Wertheim Schroder, has joined Bank of America Securities as managing director for European fixed income.

■ **Clint Marshall**, 46, an assistant general manager of Hongkong and Shanghai Banking Corporation, is to succeed Colin Bamford, 52, as chief executive of the HongKong Bank's Japanese operation.

■ **Rajesh K Shah**, has joined United Technologies, from Varity Corporation, as chief financial officer of UT Automotive.

■ **John E Bryson**, 51, chief executive of SCEcorp, parent of the second biggest US electric utility, a director of The Boeing Company.

■ **Jimmy Shen**, former general manager of China's First Paper (Yantai) Corporation, president of the Asia/Pacifc arm of Varity, the US industrial company.

■ **Barry R Sloane**, 40, former senior vice president of J & W Seligman, has joined Credit Suisse as group executive for private banking, Credit Suisse USA.

International appointments

We hope to create in these columns a comprehensive listing of senior appointments in international companies. Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

Dutch cartel loses appeal

EUROPEAN COURT

The European Court of First Instance has rejected an appeal by 29 Dutch building contractor associations. The associations had appealed against a 1992 European Commission decision that refused them an exemption from EC competition rules and imposed fines totalling Ecu22.5m.

The Commission decision concerned the constitution and certain rules on tendering procedures and prices of the members of the Dutch national SPO Association.

The Court first dismissed contentions that the decision was non-existent or void because of defects in the way it was adopted. On the facts, the CFI found that there were no grounds for doubting the veracity of the decision.

It went on to dismiss each of the grounds relied on by the associations for annulment of the decision.

The rules of the umbrella SPO Association provides that, when several members tender for a building contract, the SPO must hold a meeting to determine the lowest competitive tender. The tenderer chosen ("the entitled undertaking") is then protected in various ways from competition from the other members, thus reducing the freedom of choice of the customers awarding the construction contract.

The regulations also required certain price increases to be added to the tender price to cover reimbursement by the entitled undertaking of tender costs incurred by the unsuccessful members ("calculation costs").

The CFI first confirmed the Commission's findings that the rules in question restricted competition in breach of the treaty, since there was an unlawful exchange of price information and concerted action by the would-be tenderers on the terms and prices of their tenders which limited the parties' freedom to negotiate.

In particular, the Court confirmed that the treaty dealt with such rules, applicable throughout the Netherlands, if they were potentially capable of affecting trade even if there was no appreciable effect on actual trade. Thus account could be taken of directives opening up the public procurement market in future.

Second, the Court approved the Commission's refusal of the exemption requested. In particular, it said it was sufficient that the customers did not receive any share of the alleged economic benefits of the restrictions.

The CFI rejected the association's criticism of the Commission's micro-economic analysis of their rules, which they claimed were intended to remedy macro-economic structural imbalances between supply and demand. These resulted from the characteristics of the sector and from Dutch legislation, which favoured the consumer and did not facilitate counteraction to the "playing-off" of tenders by the contract awarders.

The burden of proof that exemption was justified always lay with the applicant, the Court said. The Commission was right simply to assess whether or not the two central elements of the regulations – namely the protection of entitled undertakings and reimbursement of calculation costs – satisfied the conditions for exemption.

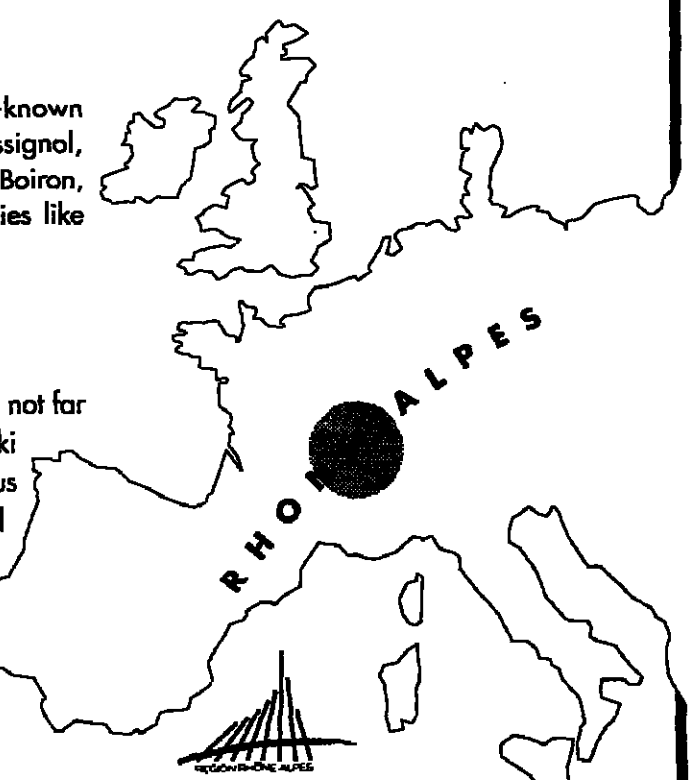
The Court also found that the restrictions of competition were not indispensable to achieve their alleged aims, namely improvement of the market balance between demand and supply by limiting transaction costs and to counteract "play-offs" which could lead to ruinous competition between tenderers. In particular, the contract awarders who knew their requirements best were excluded.

The CFI confirmed that its powers were limited when reviewing the complex economic assessments made by the Commission in exercising its discretionary exemption powers. It could only check for procedural irregularities, inadequate reasoning, inaccurate facts, manifest error of appreciation or misuse of powers.

Finally, the contention that the fines were excessive was rejected by the Court, since they represented only 0.5 per cent of the average annual value of the contracts covered.

T-29/92, SPO v Commission, CFI 1CH, February 21 1995.

BRICK COURT CHAMBERS, BRUSSELS



TECHNOLOGY

Electronic petty cash

Peter Wise looks at a rechargeable card which the Portuguese are using to make small payments

Portugal, not eminent as a technological pioneer since the development of the astrolabe in the 15th century, has laid claim to introducing the world's most advanced "electronic purse" system.

The electronic purse is a plastic bank card embedded with a computer chip that replaces the need for cash when making small payments anywhere from a taxi cab to a flower stall without requiring a link to a central computer network.

Portugal's innovation is not in developing the individual components but in applying the technology in a national system of electronic payment that integrates "smart card" purses with the existing network for direct debit and credit cards.

Small retailers, from newspaper kiosks to coffee bars, are equipping themselves with portable terminals about the size and weight of a telephone handset for accepting payments made with Portugal's Multibanco Electronic Purse (Mep) cards.

Public telephones as well as automatic vending and ticket-issuing machines are also being adapted so that the Mep system can be used for a wide range of automated payments from car washes to public transport and postage stamps.

Most of Portugal's 35,000 electronic point-of-sale (Epos) terminals, already used by bigger outlets for debit and credit card payments, are to be converted or replaced to accept electronic purse payments as well.

Mep cards can be recharged indefinitely – currently up to a maximum of Es40,000 (approximately £165) – from the holder's bank account through any of Portugal's 3,500 hole-in-the-wall automatic teller machines (ATMs).

Service providers, when their terminals are not linked to the central computer network, transfer takings to their accounts through the ATM system using high-security retailer cards. More than 500,000 Mep payment cards are expected to be issued this year following the launch of the system in February.

Smart cards equipped with a microprocessor are not new. France, pioneer of the technology that provides greater power for storing and handling information than the magnetic-stripe cards issued in most countries, has 21m of them in use.

But France uses them mainly for traditional direct debit and credit card payments and only as electronic purses in small, closed systems such as local transport networks. Finland and Denmark have also recently introduced electronic purse cards.

> **An electronic payments highway that makes all the services of any bank available at any ATM**

But all these purse systems use disposable cards that simply "burn" units as purchases are made. Like telephone cards, they have to be thrown away and replaced when their total value has been spent.

Portugal is the first country to introduce an electronic purse that is both universal – a card issued by any bank can be used to pay for any service anywhere – and permanently rechargeable through any ATM. It leads the field in replacing small change with plastic because of an important option made when the country, a late starter, began introducing electronic payment in 1983.

Banks in most countries had opted for relatively self-contained systems that make available a variety of operations at their own ATMs but little more than cash withdrawal at ATMs belonging to other banks. Portuguese banks resolved to pool resources and produce an electronic payments highway that makes all the services of any bank available at any ATM.

They created a company called Sociedade Interbancaria de Serviços (Sibs), today owned by 31 banks, to provide a shared network. Individual banks market their own cards, ATMs and Epos terminals, but share the same centralised information network and clearing system.

This enables all Multibanco system ATMs to provide 26 sophisticated services from booking train tickets and paying utility bills to toying with investment portfolios and interbank transfers. The next service planned is tax payment.


Alan Le Garsmeur

Cashless coffee: Portugal's electronic purse is both universal and rechargeable

The Mep cards, using a microprocessor made by Gemplus of France, cost about Es700 each to produce. "No codes have to be punched in and there is no waiting for a connection with the system," says Filipe Santos of Sibs. "The cards will greatly simplify purchases, reduce bookkeeping and improve security."

Sibs has designed portable terminals, using a security chip made by Dallas Semiconductors of the US, that it believes to be virtually fraud proof. Retailers' takings are safe, but losing a Mep payment card is the same as losing cash.

Portugal is confident the Mep system satisfies the accountability requirements of the European Monetary Institute. Concerns about currency being irregularly issued in electronic form have been raised over electronic purse systems that would allow values to be transferred from card to card, such as the Mondex system being developed by National Westminster Bank, rather than to and from bank accounts.

Felix on CD-Rom

Children can create their own cartoons featuring the 'wonderful wonderful' cat, writes Tom Foremski

Letting kids create their own "Saturday morning" style cartoons is the theme of the latest software title from San Francisco-based Big Top Productions.

The CD-Rom title "The Cartoon Toolbox starring Felix the Cat" features the Felix the Cat cartoon character and friends, drawn by Hanna-Barbera cartoon artists. The Cartoon Toolbox has an easy-to-use interface that gives a choice of 150 animated clips, 200 sound effects, 30 backgrounds, 30 visual effects and 200 props.

Children will be able to create a cartoon episode in the familiar style of TV cartoon shows such as The Flintstones and The Jetsons.

The title, due to be launched this month in the US, will be linked to worldwide marketing associated with the forthcoming Disney film *Felix the Cat* and a Felix cartoon series for TV that will be shown in the US later this autumn. The company plans future Cartoon Toolbox titles featuring different animated characters.

Jim Myrick, Big Top co-founder and vice president of marketing, says he first became fascinated with the Felix the Cat character when he was a child, watching cartoons on the TV in the early 1960s. This gave him the inspiration to produce a software program that could allow children to create their own animation.

"There are too many programs out there that don't utilise the most productive computer around – the brain. Let's give children tools that encourage their creativity," says Myrick. The Cartoon Toolbox could eventually teach children to tackle more sophisticated multimedia creations, as the title teaches basic multimedia authoring skills.

Children start by choosing from a selection of backgrounds. They can then place Felix and other characters in the scene, specifying what kinds of animation they should perform and in which sequence. Visual effects are added, along with audio effects and a musical background to create part of what can be a full-length cartoon – designed, directed and produced by kids.

For people who remember the original Felix the Cat cartoons from the late 1950s and early 1960s, this multimedia title looks different. Much of the violence that marked the early cartoons is gone, replaced by a gentler, more "politically correct" context.

The Cartoon Toolbox will retail at $54 (£34) and worldwide distribution will follow the US release. All Big Top titles are designed to be cross platform and are available for Windows and Macintosh systems.

Technically Speaking

Taste for S Korea's industrial culture

By Denis Noble

"Visiting South Korea today it is difficult to imagine that the country was ruined and destitute 40 years ago." Only the short stature of the over-40s remains as vivid evidence that when these people were young even rice was in scant supply.

Today, overflowing restaurants perfume the crowded streets with their inviting and unique cuisine. The country now ranks 13th in terms of world trade.

What explains this extraordinary economic turnaround? I have no doubt about the answer. It lies in the way in which the mastery of the physical world through science and technology permeates Korean culture.

As you would expect from something that is deep inside a culture, it also found expression in previous centuries. The printing of books was invented as early as 1232. Iron-clad "turtle" ships were built in the 1590s, centuries before metal ships were built in the west. There should be no surprise, therefore, that shipbuilding flourishes in modern Korea.

What is the policy on industry and on investment in research and development that makes all this possible?

Although clearly capitalist, Korea is also an example of a command economy that has worked. Successive five-year development plans have been the engine for close co-operation between government and industry. The current plan aims to increase R&D investment from around 2 per cent to between 3 and 4 per cent of gross national product, which would even surpass the investment levels in Germany and Japan. A very large part of Korea's additional spending on R&D will come from industry, though the government has also pledged to increase its investment by 20 per cent annually.

Should others fear these developments or seize upon them as providing valuable new opportunities? There is every argument for seeing new, challenging and very rewarding opportunities:

- The English-speaking world has a natural advantage when it comes to language. English is now taught even at primary school level in Korea. The demand for English high school and university places has therefore grown.
- In turn, Korea is keen to see its own culture appreciated elsewhere. Through funding bodies like the Korea Foundation and the Korea Research Foundation, it is actively supporting the development of Korean Studies and language training abroad, and the exchange of scholars with foreign countries. These need industrialists, financiers, scientists and engineers who can deal with their Korean counterparts effectively.
- In science and technology, the UK, for instance, has a golden opportunity. It is perceived by the Koreans as excelling in the creative aspects of science. Through developments such as the Highly Advanced Nation project, Korea is looking for fruitful collaboration with foreign scientists.
- In industry, the west could emulate the confidence that leads Korean industry to make investment in R&D such a high priority. And western countries could build further on effective partnerships with Korean companies, particularly where their strengths complement those of Korea.

A UK government committee (of which I am a member) is publishing a detailed report tomorrow on the possibilities for collaboration with Korea in science, technology and industry. It is a practical document full of proposals for concrete action. UK scientists, industrialists and financiers should study its recommendations carefully and see how many could be implemented.

Most important is to emulate Korean enthusiasm for things technical and the confidence in the future that brings. East Asian countries have succeeded in part through absorbing and adapting much that is good in western culture. The west has everything to gain from seeing whether it can, in turn, learn from their culture.

The author is professor of physiology at Oxford University. He has collaborated with Korean scientists for 15 years.

LEGAL NOTICES

LINLINE LIMITED

Notice is hereby given that the Creditors of the above-named Company, which is being voluntarily wound up, are required on or before the 29th day of March, 1995 to send in writing their names and addresses, with the particulars of their debts or claims, and the names and addresses of their solicitors, if any, to the undersigned Robert Nicholas Pittman of Ernest Francis & Son, Somerset House, Blagrave Street, Reading, Berkshire RG1 1QB, the Joint Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator, are by their solicitors or personally to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

NOTE: All known Creditors have been, or will be paid in full

Dated: 6th March, 1995

Signed: R.N. PITTMAN
Joint Liquidator

In the High Court of Justice No [illegible] of 1995
Chancery Division
THE HONOURABLE MR REGISTRAR BUCKLEY IN THE MATTER OF MARUBENI UK PLC
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 1st March, 1995 confirming the reduction of the capital of the above-named Company from £[illegible] to £[illegible] was registered by the Registrar of Companies on 2nd March 1995.

Dated this 7th day of March, 1995
Macfarlanes
10 Norwich Street
London
EC4 1BD
(Ref JRSD/[illegible])
Solicitors for the above-named Company

DAWNMAY LIMITED

REGISTERED NUMBER: [illegible]
Nature of business: Holding company
Trade classification: 9500 [illegible]
Date of appointment of administrative receivers: 1 March 1995
Name of person appointing administrative receivers: Midland Bank plc
N RUDDOCK and V M BAIRSTOW
Joint Administrative Receivers
(office holder nos 6877 and 5116) of
ROBSON RHODES
The Galleria, Station Road, Crawley, West Sussex RH10 1HY

The Irish High Court

In the Matter of

Dublin International Reinsurance Company Limited
(In Voluntary Liquidation)

The joint liquidators have applied for and been granted an Order by the Irish High Court to enable them to estimate the value of contingent or otherwise unascertained reinsurance liabilities due to Dublin Re's cedants. The joint liquidators have, in accordance with the above mentioned Order, issued an Explanatory Circular to all known retrocessionaires, cedants and other creditors on 25th January, 1995. In the case of cedants they have also issued details of the relevant estimations, which will become binding *unless they are disputed by 30th March, 1995.* Any cedant, retrocessionaire or other creditor who has not received the appropriate documentation should immediately contact the joint liquidators in writing at the following address.

Dublin International Reinsurance Company Limited,
(In Voluntary Liquidation),
1st Floor,
Bell House,
Montague Street,
Dublin 2.

N. L. Fox,
J. McStay
Joint Liquidators

THE INSOLVENCY ACT 1986
KINGSTON-UPON-THAMES NO 0057 OF 1995
UNITED BEERS PLC
(IN LIQUIDATION)

In accordance with Rule 4.106 of the Insolvency Rules 1986, I, Peter Anthony Lawrence of Booth White, 142-148 Main Road, Sidcup, Kent DA14 6NZ, give notice that I was appointed Liquidator of the above named Company on 30 January 1995

NOTICE IS HEREBY GIVEN that it is not my intention to convene a meeting of Creditors at this time. Creditors are advised that pursuant to Section 141 of the Insolvency Act 1986 that the Liquidator must summon a meeting of the Company's Creditors if he requested to do so by one-tenth in value of the Company's Creditors

PETER ANTHONY LAWRENCE Liquidator
2 March 1995

BILLINGSHURST GARAGE LIMITED

REGISTERED NUMBER: 2829708
Trading name: Billingshurst Garage
Nature of business: Motor Retailer
Trade classification: 6541
Date of appointment of administrative receivers: 1 March 1995
Name of person appointing administrative receivers: Midland Bank plc
N RUDDOCK and V M BAIRSTOW
Joint Administrative Receivers
(office holder nos. 6877 and 5116) of
ROBSON RHODES
The Galleria, Station Road, Crawley, West Sussex RH10 1HY

The Financial Times plans to publish a survey on

Management Education & Training

on Tuesday, April 4th

It will examine the trends of executive education and offer practical guidance for companies and individual seeking the best and most appropriate buy.

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Melanie Miles
Tel: (0171) 873 4288 Fax: (0171) 873 3064

FT Surveys

BUSINESSES FOR SALE

BUSINESS OPPORTUNITY

Sale of Building Maintenance Operation

The business and assets of the Scottish Homes Building Division are being offered for sale by private tender. A significant player in the Scottish public sector housing market, Building Division presently offers a wide range of planned and reactive maintenance services to its customer base.

A recent survey indicated there were 2 million houses with a *total estimated* maintenance expenditure of £2.4 billion. On sale, Building Division will have the opportunity to compete for work in this market place.

Currently operating as an autonomous division within Scottish Homes, the purchaser has an opportunity to aquire a business which has:

- a history of profitable trading with turnover currently around £18 million and a committed workload projected to 1999.
- an established infrastructure across central Scotland including head office, eleven maintenance depots and a plant and transport depot.
- a management team and workforce presently of around 500 with significant experience in all aspects of housing maintenance.

Scottish Homes has set a tight timetable for the sale process, details of which and further information can be obtained if you write to Duncan McGhie at Coopers & Lybrand, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH.

Scottish Homes
THE NATIONAL HOUSING AGENCY

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATORS
CHARLES MACMILLAN FCA & DAVID SWADEN FCA

IN THE MATTER OF

CHARTER FURNITURE (1992) LIMITED

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Manufacturers of furniture for Government offices, Public Service departments, Ministry of Defence, Halls of Residence, Nursing Homes, Department of Employment etc

● Large leasehold factory and offices in Salford, Manchester ● Substantial blue chip order book ● Prestigious customer list ● Loyal and experienced work force ● Turnover approx. £3 million pa

Enquiries should be addressed to Colin Burke

Leonard Curtis & Partners, Chartered Accountants
Peter House, Oxford Street, Manchester M1 5AB. Tel: 0161 236 1955 Fax: 0161 228 1929

GREEK EXPORTS S.A.

(Special Liquidator of ELVIK S.A. as per Decision No.937/1992 of the Larissa Court of Appeal)

DENATIONALISATION

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF HELLENIC MEAT INDUSTRY (ELVIK) S.A. NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its capacity as special liquidator of ELVIK S.A. (in accordance with Decision No.937/1992 of the Larissa Court of Appeal, by which ELVIK S.A. has been placed under special liquidation) and within the framework of article 46a of Law 1892/90, as supplemented by article 14 of Law 2000/91 and complemented by article 53 of Law 2224/94 and in accordance with the written instructions (Ref. No. 339/95) of the creditor as per para.1 of the above article.

INVITES

interested buyers to express their interest in purchasing the total assets of ELVIK S.A. now under special liquidation, by submitting a non-binding, written expression of interest within twenty (20) days from today.

ELVIK S.A. was founded in Athens in 1968 and established a meat producing and processing plant in the area of the Megala Kalyvia community in the prefecture of Trikkala. From the very first years of operation, the company was beset by financial problems and from 1973 to 1976 had been placed under liquidation.

From 1976 onward the company was resurrected and with the share distribution described below, has been functioning to the present day, established in the community of Megala Kalyvia in the prefecture of Trikkala.

The shareholders in ELVIK S.A. and their share participation are as follows: a) Agricultural Bank of Greece - 33.33%, b) Hellenic Industrial Development Bank (ETBA) - 33.33% and c) Union of Agricultural Cooperatives - 33.33%.

ELVIK S.A. is a vertical industrial unit producing and processing meat, situated on a plot of land 819 stremmas in area (1 acre = 4 stremmas). The installations include 1) a pig breeding and fattening unit, 2) an ox fattening unit, 3) an animal feed production unit, 4) a slaughterhouse, 5) a sausage-making unit, etc.

OTHER DATA ON THE AUCTION FOR THE HIGHEST BIDDER

Interested parties should submit a written, non-binding expression of interest within twenty (20) calendar days from the date of publication of the present invitation. Prospective buyers, on providing a written undertaking of confidentiality, may receive the offering memorandum from the offices of the liquidating company. They shall also have access to any other information they may seek and may visit the premises of the company under liquidation.

The offering memorandum will describe in detail the total assets of the company for sale and will contain every useful information for the prospective buyer. The announcement of the public auction for the highest bidder will be published within the prescribed time limits and in the same newspapers.

For any further details or information please apply to:
GREEK EXPORTS S.A.,
17 Panepistimiou Street, (1st floor), Athens, Greece
Tel: +30-1-324.3111 Fax: +30-1-323.9185

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◆ Planning permission for mixed use
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For further information please contact
Vivian Bairstow or Nigel Ruddock

ROBSON RHODES — Chartered Accountants
RSM international

The Galleria, Station Road, Crawley, West Sussex RH10 1HY
Tel: 0171 865 2580 Fax: 01293 537921

Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales

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Further details
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BUSINESS AND THE LAW

Guidelines meet a cold front

The UK is unlikely to be alone in its hostility to the US administration's antitrust proposals, says **Robert Rice**

The draft US guidelines on applying its antitrust laws to anti-competitive practices outside the United States published last October have met with a frosty response from the British government.

Last year the US passed the International Antitrust Enforcement Assistance Act, which aims to to promote international agreements that facilitate US antitrust investigations abroad. But the UK government's view is that the aggressive approach to the assertion of US antitrust jurisdiction abroad may only undermine efforts to foster international co-operation.

Friction between the US and its trading partners over the extraterritorial application of US regulatory laws is nothing new. And in spite of previous administrations' international antitrust guidelines and several attempts by the US Supreme Court to clarify the issue, uncertainty remains over the long arm of US regulatory laws.

The US's trading partners therefore had high hopes for the new guidelines. However, when after considerable delay they were eventually published, it was apparent these hopes were going to be dashed.

Britain's response begins by reiterating that both countries have a shared interest in ensuring fair and open competition in international business, but goes on to say that the guidelines nevertheless show that significant differences remain between the scope of their antitrust laws. Those differences include both the principles on which the laws are based and the approach to their enforcement.

The UK's response expresses concern that the guidelines give an impression of increasing willingness by the US Justice Department and the Federal Trade Commission to take unilateral action in international cases. This is all the more worrying when co-operation in enforcing antitrust laws is supposed to be on the increase. It warns there is a risk that this approach by the US "could lead to jurisdictional conflicts which would hinder effective co-operation and enforcement to the benefit of neither party".

In support of their claims for the widest possible US jurisdiction, US authorities say there is growing recognition of its approach, which is governed by the so-called "effects doctrine". Under this doctrine, first postulated by the US Supreme Court in the 1945 Alcoa case, any conduct having a direct, substantial and reasonably forseeable effect on US commerce is deemed to be subject to US jurisdiction.

The US authorities cite in the guidelines European competition laws as requiring that anti-competitive conduct under investigation should "affect trade between member states".

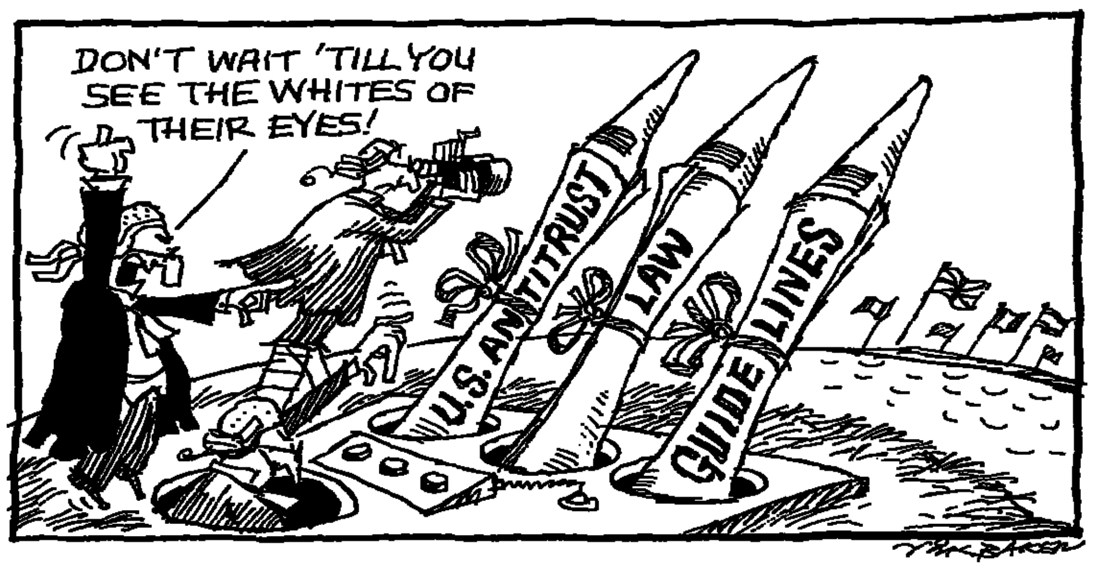
Britain disputes this. It says the European Court of Justice has made clear that there is a legitimate jurisdictional claim under European law only where the anti-competitive conduct in question was "implemented" within the community.

It is only under the US interpretation of the effects doctrine that commercial actions not implemented within US territory are nevertheless regarded as falling within US jurisdiction, the UK says.

Britain is also worried by the assertion of jurisdiction by the US authorities over anti-competitive conduct that restricts US export opportunities, such as agreements between foreign companies to adopt technical standards incompatible with those covering US goods.

Britain remarks: "Such jurisdictional claims show US antitrust law being used as an instrument of trade policy to open markets perceived as closed to US exporters. The UK government regards this as an objectionable and inappropriate use of antitrust powers."

On enforcement, the British government welcomes the statement that the US authorities will take principles of international comity into account. Under these, US law would not be applied extraterritorially to foreign conduct if the balance of foreign interests in exercising jurisdiction outweighed those of the US.



But the UK is concerned that the guidelines have introduced the effectiveness of foreign enforcement as a factor when considering under comity principles whether the US should yield jurisdiction.

Britain says this shows that the US will be increasingly prepared to consider unilateral action on the basis of whether foreign governments are prepared to take action or if it perceives that the remedies available in a particular jurisdiction are inadequate.

The UK objects to that because it does not give appropriate recognition in cases falling principally within the jurisdiction of foreign governments to the law and policy of those governments which may include a decision not to pursue a particular case. In particular the UK government would object to unilateral action by the US solely on the Justice Department and trade commission's assessment of the adequacy of antitrust enforcement in other countries.

The UK concludes by saying that if the US maintains this approach it is likely to lead to confrontation with other states. It could also lead to use of "blocking statutes" which prevent such things as the disclosure of documents or information for use in US proceedings.

The UK says the invocation of blocking legislation by a foreign government would be an important indication of concern and should be regarded as decisive when the US is deciding whether foreign interests in exercising jurisdiction outweigh its own interests.

Britain is unlikely to be alone in its hostile response, and lawyers believe that in the absence of concessions, confrontation rather than co-operation seems the more likely.

Meanwhile international business is no more certain where it stands over the extraterritorial application of US antitrust laws.

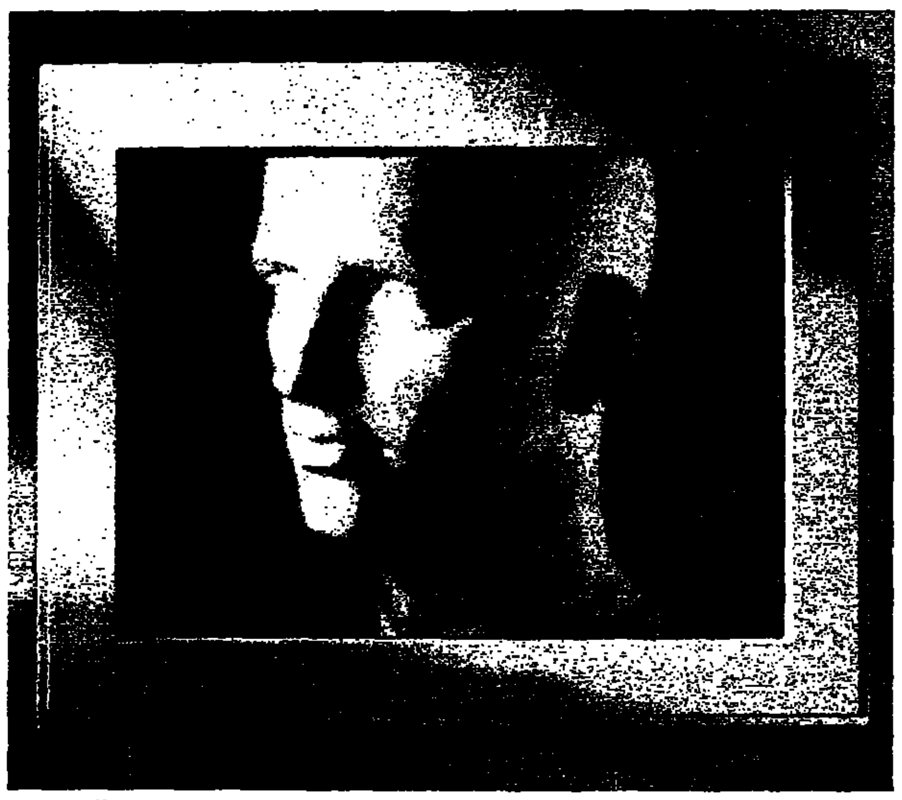
However, companies active in the international markets tempted to discount the risk of running foul of US antitrust laws abroad should heed the case of Eskofot v Du Pont, reported in Financial Times Business Law Europe.

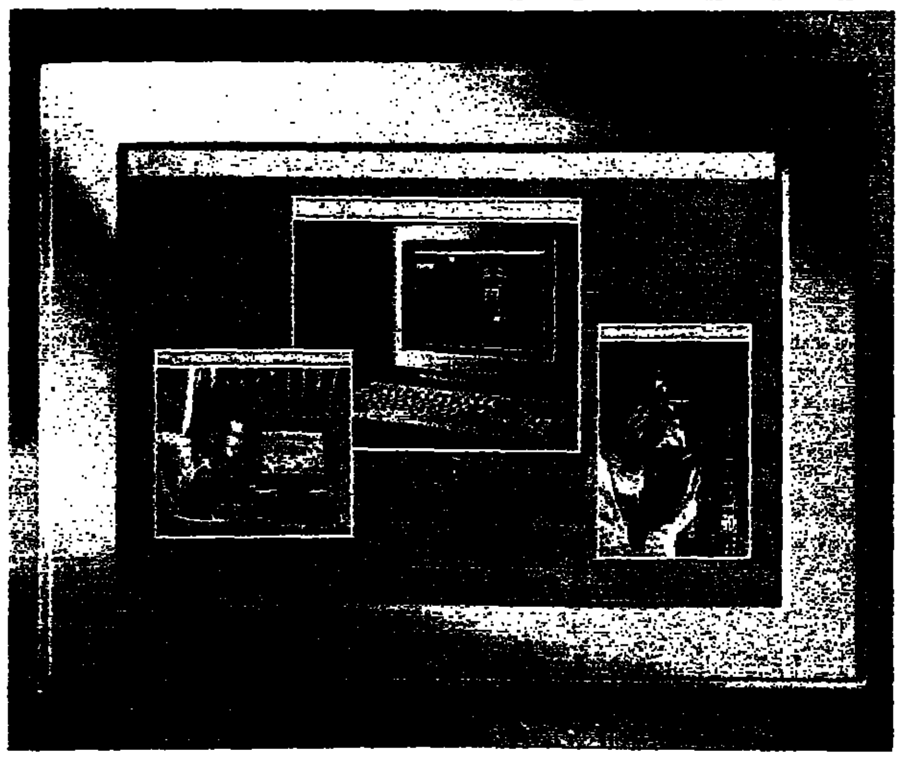
On January 6 this year, a federal judge in New York ruled that Eskofot, a Danish company doing business in the UK, could sue Du Pont UK in New York under US antitrust laws for alleged anti-competitive conduct in the UK on the basis that it prevented Eskofot exporting goods to the US.

The court said that Eskofot need not show a direct, substantial and reasonably forseeable impact on US commerce as required by the effects doctrine. The judge added that "any anti-competitive effect" on US commerce was sufficient to establish US jurisdiction where exports to the US were involved.

The court rejected the notion that international comity should require deference to the English court, where Eskofot had earlier sued Du Pont under EU competition rules. The US judge said the English action would not concern US antitrust law or the effects of the defendant's conduct in the US.

Business Law Europe notes that Du Pont UK conducts no business in the US, has no office, employees, bank accounts, books or records there and is not even licensed to do business in the US. The case is a dramatic illustration of the alacrity with which US courts will apply US antitrust laws abroad given half a chance.





From page to stage

Writer-director relationships are not always marriages made in heaven.

Sarah Hemming reports

It is almost a century since *The Seagull* had its first production. Hopelessly out of tune with the playwright's intentions, it was jeered and booed and Chekhov vowed to abandon theatre forever: "If I live 700 years, I will never give a theatre another play," he told a friend. Two years later Stanislavski restaged the play, it was a huge success, and one of the theatre world's most famous working partnerships began – not exactly a serene relationship, but certainly a fruitful one. And Chekhov continued to write plays.

The writer-director relationship is the most crucial in the fragile business of making theatre. A bad director can maul a good play; a good director can transform a bad one; and a long-term working partnership can foster a mutual trust that brings out the best in both partners. But the way they work together is usually a well kept secret.

The playwright Richard Nelson and director David Jones, who have worked together for 16 years, decided to wrench open the rehearsal room doors and come clean about how they do it. Their book *Making Plays* delves with alarming honesty into every detail of the relationship as the play proceeds from page to stage. It is full of anecdotes and liberally sprinkled with examples of creative friction in rehearsals – most memorably John Dexter goading Arnold Wesker: "Shut up, Arnold, or I'll direct the play as you wrote it."

"It's such an intense relationship that it can explode at any time," says Richard Nelson. "David and I have evolved an understanding and a way of pushing each other. We have a good history and that gives the work a depth."

Richard Eyre, artistic director of the National Theatre, is in no doubt that his long association with David Hare has helped him to keep a proper sense of the collaborative nature of theatre and of his own role as a director. "In a sense, all directors want to be authors or, at least, auteurs," he says. "You can tell by the way they talk about a classic that they are remaking it and adding their own signature. Well, clearly this is impossible if the living writer is present. You have to accept that the role of the director is to be an interpreter."

But theatrical marriages are not made in heaven. The first step towards a successful partnership, says David Jones, is finding someone whose creative vision sparks off your own: "You don't choose a mirror image." The playwright Phyllis Nagy agrees – she has now worked twice with the director Steven Pimlott (most recently on *The Strip*) and feels that he responds to the precise demands of her writing with his own voice. "I think he realises my vision of the plays, but in a way that is complementary. The worst thing for me is to see a production of my work where I think, 'Yes. Yes. I thought of that. Yes.' . . . I think there are certain directors for certain playwrights. Just like there are certain people you fall in love with. And too many people get into too much trouble flirting."

Nelson and Jones frequently talk of their relationship as being like a marriage, requiring the same degree of trust, humour and guts to succeed – particularly in the rehearsal room. A few playwrights like to keep their distance from rehearsals; David Hare is passionately in favour of being there. "As a writer I don't think you can know too much about the theatre. It's a craft, and being there is nine-tenths of the craft. Time spent in rehearsals is never wasted."

For the cast, a writer in rehearsal can clarify meaning in a second. David Thacker, who has directed nearly all Arthur Miller's plays (most recently *Broken Glass* and *A View from The Bridge*), recalls puzzling over the tone of the phrase "don't bother" in *The Price*. "You could interpret those two words very differently – cynically, or generously. I can imagine the director and actors arguing for weeks about this. But Arthur cleared it up for us instantly. He said, 'It has to be positive.' It changed the whole meaning of the play."

Director Richard Eyre with playwright David Hare: each production has to mark a new beginning

John Haynes

A pre-nuptial agreement about how rehearsals will be run can be useful, however. Conflicting advice is confusing for actors, and authors holding their heads in their hands, muttering and scribbling feverish notes do not foster confidence.

In Richard Nelson's view, it is up to the writer to prevent conflict. "You should work hand in glove with the director. If a writer starts to compete that's just trouble down the road. You become one more problem, instead of a problem solver. You have to watch, understand and know when to step in. If things are going swimmingly, there is no need to say anything."

Perhaps the most crucial test of a writer-director partnership, however, is the way the partners deal with the changing priorities of mounting the play. "Around the end of the second week of rehearsals, there is usually a formative moment," says David Hare. "For the first week people tell you what a good play it is, then there is this sticky moment when you find out what they really think."

Technical rehearsals are another flashpoint. "The worst period for the writer is the transition to the theatre," says David Jones. "During technical run-throughs I find it very difficult to talk about ideas. The writer can really feel that he has lost the director, while at the same time he feels very vulnerable because other opinions are starting to come in from outside. Your priorities are so different."

"There is a complete conflict of interests at that point," agrees Richard Eyre. "It's an awful time – I see David slumped in the stalls and there's nothing I can do. It's just an act of faith for about three days."

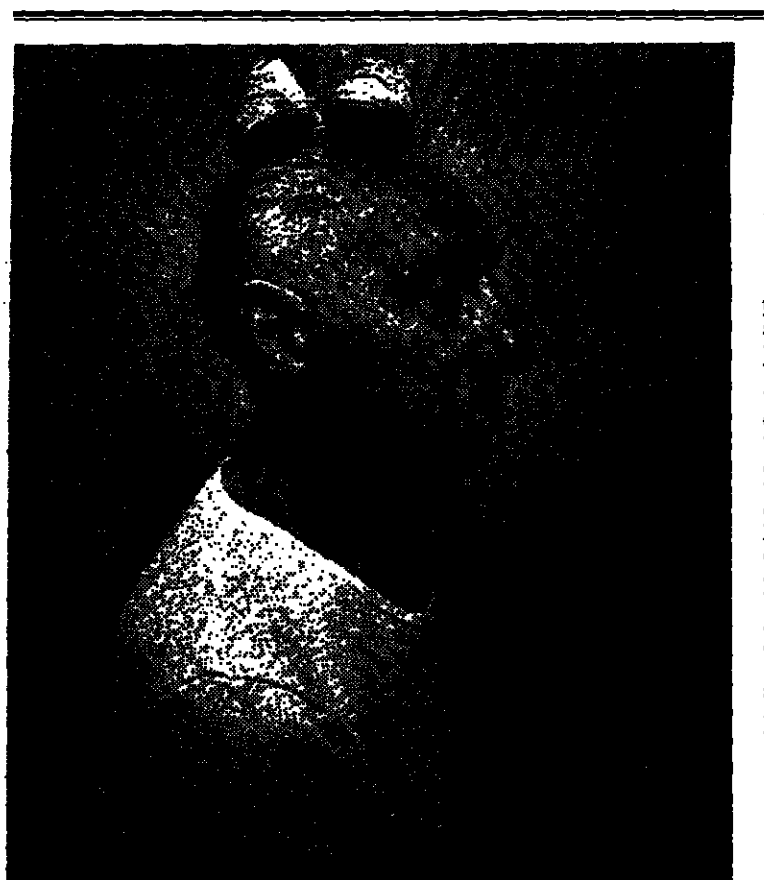
While strong relationships survive the pressure points, there are some drawbacks to frequent collaboration. Familiarity can breed too much respect. David Hare offers an example of what he terms the "fallibility" of a partnership: "We were all aware that *Murmuring Judges* was the most troublesome play in the trilogy. But I had this conviction that I could hold the audience at the end of one act with a 20 minute naturalistic scene between two actors. Richard didn't think it worked, but he didn't force me to cut it. Then when it went on – it didn't hold the audience's attention. He hadn't pushed me hard enough. That's the only bad thing about a partnership. You can respect and trust the other person too much."

The best writer-director marriages, say Nelson and Jones, are open ones. Nelson points out that periods spent with other partners keep the input fresh: "You come back a little more cocky. That's how you prevent staleness and repetition." And no matter how successful your last collaboration and your long-term partnership, each new production has to mark a new beginning. Hare points out that when he and Eyre walk back into the rehearsal room together next week to begin work on his new play *Skylight*, although they will build on all their past experience, they will also need to leave it at the door. "In some respects Richard has to approach the play as if he'd never directed this writer before."

Making Plays is published by Faber and Faber (£7.99). Richard Nelson gives a Platform talk at the National Theatre on March 10.

When discretion is everything

William Packer reviews 'After Auschwitz' at the Barbican



'Birth', 1991, from Susanna Pieratzki's loving, even humorous, 'Parents Series'; it is only as an afterthought that we learn they are survivors of the camps

The epigraph to this exhibition, set up conspicuously at its entrance, is the statement made in 1949 by the philosopher, Theodor Adorno, himself a German and a Jew, that "to write poetry after Auschwitz is barbaric". That very thought, or something close to it, must surely have crossed the mind of anyone sentient who has read anything of the Final Solution. Hard enough for those whose experience of the Nazi persecution was real and direct: for Primo Levi, for example, who wrote of his sense of guilt at the arbitrary chance of his own survival: for Elie Weisel, another survivor, who asked himself: "How is one to speak of it? How is one not to speak of it?"

For the rest of us, who confront such enormity, at most, only at second-hand, any imaginative intervention, no matter how sincere and well-intentioned, must seem the grossest of impertinences. I wonder what I might have done, had I been similarly moved, or brave enough, to take on the subject. I find myself thinking back to my childhood, to the summers of 1943 and '44 when, as I now know, those trains were running across Europe. "Arbeit Macht Frei". If the work in this exhibition is indeed inadequate and a failure, then it is an honourable failure. And against that expectation, not all of it is.

As is always the case with art in which there is a point to be made that is extra to the visual nature of the work, discretion is everything. The most successful art allows us to respond in our own way. It is straight-forward, unhistrionic, unsentimental, allusive.

Kitty Klaidman presents large paintings on paper of a clear attic space, all beams, rafters and skylights, boldly and simply stated – only it is the loft she remembers in which she was hidden as a child for the last year of the war, in the farm to which her family escaped in Bratislava. Susanna Pieratzki is a young photographer who apparently offers nothing more than a set of portraits of her parents – wistful and loving, even humorous images. It is only as an after-thought that we learn that both are survivors of the camps. Life goes on.

Henning Langenheim shows photographs of concentration camps, mass graves and execution sites as they are now, razed and manicured, and devastating in their civic mundanity. "My camera did not know what to photograph", he says, ". . . the grass, the sand, the big sky?" Mick Rooney shows a group of large imaginative figure compositions on the theme of the threatened Jewish family, and by extension the culture, on the point of disruption and deportation. John Goto, in his photo-montage, quietly elides a photograph of Jews paraded for deportation to Terezin, and a drawing by an inmate, Karel Fleischman, of new arrivals at the camp, with a "Descent from the Cross" by Rembrandt.

The more theatrical or obvious the work, the less successful it tends to be. Fabio Mauri's huge Western or Wailing Wall, made out of trunks and suitcases piled to the ceiling, is impressive in itself, but seems a shade too trite and public a demonstration, with the heavy-handed connection it makes to the possessions sorted and heaped at the camps when the trains arrived. And Ellen Rothenberg's installation, The Combing Shawl, in reference to the shawl that Anne Frank wore when she combed her hair, is over-elaborate, arch and sentimental for all its manifest earnestness.

She scatters large, crude metal combs at the foot of the long strips of vellum that represent the hair, each inscribed with its text from the Diary. "The installations", she tells us, "contain objects which require an alternative reading to the way history, artifacts and documents are conventionally considered . . . By presenting various kinds of documentation, the distinctions between truth and fiction, denial and falsehood, and our assumptions about history become sharply delineated." It won't do. The tragedy of Anne Frank is trivialised by such pretentiousness.

Such are the dangers in so delicate and brave a matter, and failure all too predictable. As a child, Magdalena Abakanowicz suffered directly at Nazi hands, yet she too, with her ranks of empty shells of figures cast ponderously in bronze, makes only the most general point of passive, patient suffering. So it is perhaps too harsh to break Miss Rothenberg's butterfly alone upon the wheel. Here even the failures give us much to ponder.

After Auschwitz: responses to the Holocaust in Contemporary Art. Royal Festival Hall, South Bank SE1, until April 17, then on to Manchester, Nottingham, Sunderland and Edinburgh; supported by 23 corporate and individual sponsors.

Concerts

Boulez in London

When he first came to London Pierre Boulez immediately drew a young crowd. Going to a pair of concerts on successive nights in the 1970s – a Vaughan Williams symphony followed by Boulez conducting Mahler's Sixth – I recall the average age of the audience dropping from pensioner to teenager overnight.

Even now that he is in his 70s, his concerts still draw many young people. The second half of the Boulez 70th birthday series commenced at the Barbican over the weekend, comprising three more concerts of the 20th-century music that the conductor regards as being of central importance. Given Boulez's reputation, one might have expected one or two representative examples of the latest musical trends, but that is not how the series was planned: with one exception – Messiaen's adventurous *Chronochromie* – all the non-Boulez works are accepted classics from before the war.

Ravel has long been a Boulez favourite and the concerts on Thursday and Sunday featured two of his orchestral scores, *Le Tombeau de Couperin* and *Ma Mère l'Oye*. The fastidious sounds conjured by Ravel, a magician of the orchestra, have always appealed to the equally precise Boulez, though these days he allows the music more warmth.

The truth of the matter is probably that Boulez is a better conductor than he was at the beginning and more prepared to allow some freedom of expression from his players and generosity of feeling from himself. Stravinsky's *Petrushka* in the second programme certainly received a very adult performance – no youthful excesses or flash effects. The London Symphony Orchestra played well for him and there was always something to distinguish this performance well above the average, especially rhythms and textures freshly observed in almost every bar.

Each of the concerts has a star soloist. On Thursday Kyung-Wha Chung joined Boulez and the LSO for a fine performance of Bartók's Second Violin Concerto. It must be tempting to go out to meet Chung's energetic attack on music like this, but Boulez kept within his own parameters, holding firm on the reins so that the energy did not become frenetic.

Sunday's soloist was to have been Mstislav Rostropovich, but illness forced his replacement at the head of the seven cellos in Boulez's *Messagesquisse* by Tim Hugh. This short piece is a mature example of the scientific Boulez also heard in an earlier exploratory phase with *Figures, Doubles, Prismes* on Thursday. Influences are easier to ascertain there, especially the massive building-blocks of Varèse and the expressive twelve-tone themes of Berg. Thirty years ago they will have held up a signpost to where a forward-looking young composer was going, but what is the direction now? With nothing new on the programme we are left to wonder where Boulez believes the future for orchestral music lies.

Richard Fairman

Final concert at the Barbican on Wednesday; then in Paris at the Théâtre des Champs-Elysees March *11-13*.

Conlon for Paris Opéra

James Conlon has been appointed chief conductor of the Paris Opéra. Hugues Gall, the Opéra's new director, said the 44-year-old American would take up the post in August 1996. Conlon will have fewer responsibilities than his predecessor, Myung-Whun Chung, who was ousted by Gall last September.

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BALLET

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● *Die Zauberflöte*: by Mozart. Conducted by Lawrence Foster/Sebastian Lang-Lessing/Stefan Soltesz and produced by Günter Krämer; 7pm; Mar 10, 13

● *Les Intermittences du Coeur*: ballet in two parts by Saint-Saëns. Choreographer, Roland Petit; 7.30pm; Mar 9

● *Martha oder Der Markt zu Richmond*: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 11

■ FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400

● Philharmonisches Staatsorchester Halle: with violinist Christian Altenburger. Heribert Beissel conducts Mozart and Beethoven; 8pm; Mar 9

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● Opera Gala Night: operatic highlights from the London Symphony Orchestra conducted by Paul Wynne Griffiths. Soloists include soprano Josephine Barstow and tenor Arthur Davies; 8pm; Mar 11

● *Pierre Boulez 70th Birthday Celebration*: Boulez conducts the London Symphony Orchestra with violinist Anne-Sophie Mutter and soprano Laura Aikin to play Berg, Stravinsky and his own compositions; 7.30pm; Mar 8, 9

Festival Hall Tel: (0171) 928 8800

● Philharmonia Orchestra: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11

● *The London Philharmonic*: with cellist Truls Mork and conductor Mariss Jansons plays Shostakovich and Bruckner; 7.30pm; Mar 8

GALLERIES

Serpentine Tel: (0171) 402 0343

● Man Ray: exhibition of works by the celebrated artist; to Mar 12

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● *Madama Butterfly*: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 9, 11

● The Cunning Little Vixen: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 8, 10, 13

Royal Opera House Tel: (0171) 340 4000

● *Giselle*: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 7, 8

● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 11 (7pm)

● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 9, 10

THEATRE

Apollo Shaftesbury Tel: (0171) 494 5070

● In Praise of Love: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun)

Old Vic Tel: (0171) 928 7616

● Conversations with My Father: by Herb Gardener and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony award for his role; 7.45pm; from Mar 7 (Not Sun)

■ LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion

● Fleisher Plays Ravel: with pianist Leon Fleisher and mezzo-soprano Carmella Jones. Lawrence Foster conducts Steiger, Falla and Ravel's "Piano Concerto in D"; 8pm; Mar 9, 10 (1.30pm), 11, 12 (2.30pm)

■ NEW YORK

CONCERTS

Avery Fisher Tel: (212) 875 5030

● American Symphony Orchestra: with pianist Robert Taub and soloists Christine Goerke and Marietta Simpson. Leon Botstein conducts Mendelssohn and Syzmanowski; 7.30pm; Mar 10

● *New York Philharmonic*: with baritone Dmitri Hvorostovsky and conductor Valery Gergiev plays an all Russian programme of Mussorgsky and Rimsky-Korsakov; 7.30pm; Mar 7

● New York Philharmonic: Valery Gergiev conducts Liadov, Berlioz and Tchaikovsky; 8pm; Mar 9, 11

● *The London Philharmonic*: Frank Welser Möst conducts Shostakovich and Strauss; 3pm; Mar 12

● The London Philharmonic: plays Mozart, Bartók and Tchaikovsky; 8pm; Mar 13

GALLERIES

Guggenheim Tel: (212) 423 3652

● Felix Gonzalez-Torres: a comprehensive survey of the contemporary artist's multi-media art form; to May 10

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Der Rosenkavalier: by Strauss. Produced by Nathaniel Merrill, conducted by James Levine; 7.30pm; Mar 7, 10

● *La Bohème*: by Puccini. Produced by Franco Zeffirelli, conduted by John Fiore; 8pm; Mar 8, 11

● *La Traviata*: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 9, 13

● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco.; 8pm; Mar 11 (1.30pm)

THEATRE

Variety Arts Tel: (212) 239 6200

● Death Defying Acts: three one act plays by Woody Allen, David Mamet and Elaine May. Directed by Michael Blakemore and with Linda Lavin, Debra Monk and Paul Guilfoyle; 8pm; (Not Mon)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

● Barbara Hendricks: soprano is joined by pianist Michael Tilson-Thomas to play Mahler, Wolf and Copland; 3pm; Mar 12

● *Jennifer Larmore*: the mezzo-soprano with the Orchestral Ensemble of Paris. Jonathan Darlington conducts Rossini and Mozart; 8.30pm; Mar 8

● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aikin. Pierre Boulez conducts Berg and Stravinsky; 8.30pm; Mar 11

● London Symphony Orchestra: Pierre Boulez conducts Ravel, Messaien, Stravinsky and his own 'Messagesquisse'; 8.30pm; Mar 12

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Magnificat: music by Bach, choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production presented by the Ballet of the National Opera of Paris; 7.30pm; Mar 9, 10, 11

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● Ballet National de Marseille: choreographer Roland Petit presents his 1991 ballet based on the style of several Charlie Chaplin films; 7.30pm; from Mar 7 to Mar 12

● *National Symphony Orchestra*: with soprano Jayne West, tenor Joseph Harris and baritone Kevin McMillan. James Paul conducts Hugo Alfven, Delius and Orff; 8.30pm; Mar 9, 10 (1.30pm), 11

GALLERIES

Corcoran Tel: (202) 638 3211

● Passionate Visions of the American South: Self Taught Artists from 1940 to the Present. Approximately 220 paintings and sculpture by 80 self–taught Southern artists; to May 7

National Gallery Tel: (202) 737 4215

● *The Glory of Venice: exhibition containing works by 18th century* Venetian artists; to Apr 23

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● *Tiefland*: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 8 (7pm)

THEATRE

Studio Theater Tel: (202) 332 3300

● Rhinoceros: by Ionesco. Joy Zinoman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; from Mar 8 to Apr 9 (Not Mon)

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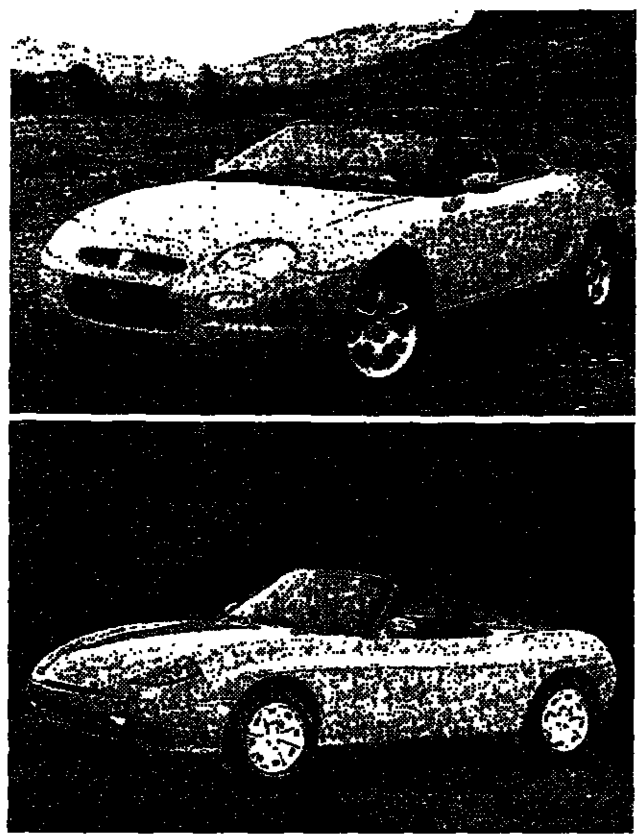
Financial Times Business Tonight

Roll down the sunroof

John Griffiths on growth in the international sports car market



Sporting choice: Rover's MGF (top) and the Fiat Barchetta

The launch of new sports cars by Fiat of Italy and the UK's Rover Group at the Geneva motor show today is the latest sign of a drive by carmakers to produce more models – in ever-smaller production runs – to win market share.

To the dismay of environmentalists, the unveiling of the Fiat Barchetta and Rover's MGF shows the world sports car market may be about to grow rapidly after more than a decade in the doldrums, despite traffic congestion.

"There is now a definite trend away from 'A to B' cars towards a desire for something distinctive," says Mr Greg Allport, Rover's brand manager for MG.

The relatively cheap MGF and Barchetta models, each expected to be produced initially in volumes of between 10,000 and 15,000 a year, are only the first of a new wave of open two-seaters. Other manufacturers agree that the number of motorists wanting "something different" is enough to justify investment in sports car production.

- BMW of Germany will start producing an open two-seater roadster, based on its 3-series cars, at its new manufacturing centre at Spartanburg, South Carolina, in September. It plans to make at least 30,000 a year, with most sold in North America, the world's largest market for sporting cars.
- Mercedes-Benz, BMW's German rival, is expected to start producing an open two-seater for a similar market within two years. The roadster is part of a diversification by Mercedes into new niches, including a small city car in a joint venture with Swatch of Switzerland. Mr Helmut Werner, Mercedes chief executive, says the company's customers want non-mainstream saloon cars and Mercedes must respond.
- Porsche, too, is undergoing a change, aimed at remedying its serious mistakes of the 1980s, when it profited from an eight-year growth market but failed adequately to invest in new products; sales in the US fell from more than 30,000 in 1987 to just over 4,000 in 1992. The 986 Boxster model Porsche will launch in 1997 will be modestly priced, and is aimed at doubling Porsche's total output to 30,000-plus a year.
- Ford, Renault and the Peugeot/Citroën group are among the volume car makers considering two-seater projects.

Apart from the Barchetta, Fiat will also launch new coupé and open-top Alfa-Romeo Spyder models later this year, joining a Fiat coupé unveiled in 1994. Fiat hopes the new models will give it at least 50,000 extra sales a year.

But it is the higher profit margins, rather than the increased volumes, which attract the manufacturers. Fiat expects sports car profits to offset some of the fierce competitive pressures in the mainstream European car market, where Fiat's share of sales has been declining.

The Barchetta and the MG – the first new MG for 15 years – will be competing for a share of a European sports car sector estimated at between 3 and 3.5 per cent of the new car market, or around 400,000 units in last year's 12m market, according to Rover's Mr Allport.

Before committing itself to the MGF project Rover researched what had happened to the sports car market after 1980, when the then financially troubled BL halted production of the MGB and closed the MG factory at Abingdon.

Rover was not alone in abandoning two-seaters; manufacturing methods of the period required production runs of 100,000 cars a year to ensure reasonable economies of scale, and with recession starting to bite in the early 1980s few manufacturers were investing in "fringe" products.

Instead, says Mr Allport, "most of the market went into hot hatches, coupés and cabrios," – relatively easy and cheap-to-build variants on mainstream model ranges.

But the steep fall in costs arising from radical changes in car design and manufacturing in the past decade – including computerised simultaneous design and engineering techniques, and highly flexible automated pressing and welding processes – has slashed the volumes at which car projects can break even.

"These techniques have allowed the MG project to be designed for viability at much, much less than the 15,000-20,000 units everyone expects us to be producing," says Mr Terry Whitmore, chief executive of Mayflower's automotive operations, the specialist automotive engineering group which is Rover's partner in the project. Mayflower's motor panels subsidiary has invested £24.2m to design, develop and supplying the complete MGF body to Rover in return for a share of profits on sales.

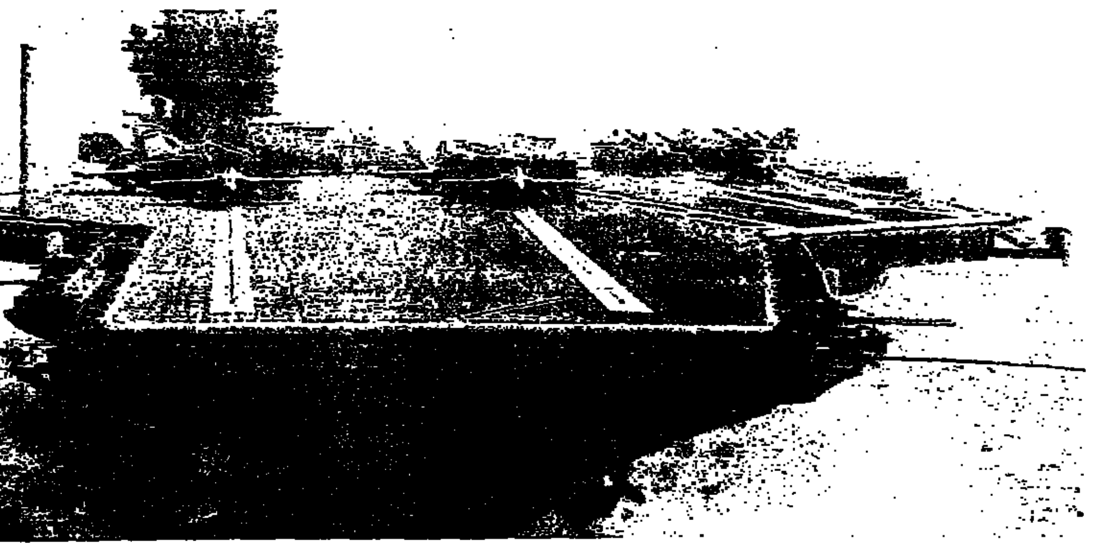
It was Mazda, in 1989, which launched the first of the modern generation of "affordable" sports car with the cheap MX-5 two-seater. Cumulative production of the MX-5 has now topped 300,000, and it is expected to undergo a major "re-vamp" to deal with the new competition. Not surprisingly, Rover has been criticised for allowing Mazda to seize a global market once dominated by MG; more than 510,000 MGBs were built before the factory closed.

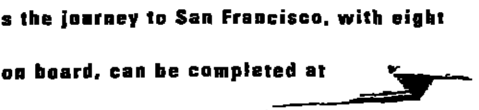
Rover, Fiat and others once again want to lay claim to a share of this market, and think the market itself can be expanded if sufficiently attractive new products are developed.

Rover maintains that capturing even 3 per cent of the sporting car market within Europe would allow the MGF project to break even at around 10,000 units a year.

The MGF is also to be sold in Japan and other markets outside Europe, although there are no declared plans to take the car into North America. The same is true of the Barchetta and Fiat's upcoming Alfa Romeo models. North America once absorbed 70 per cent of the output of the old MG factory, although both Rover and Fiat suffered from consumer criticisms and faltering sales in the past and eventually withdrew altogether.

But Mr Bernd Pischetsrieder, BMW's chairman, has already indicated that he wants Rover back in the North American market by the end of the decade. The size and rapid growth of the US market – nearly 600,000 sports cars, including home-grown products such as Ford's Mustang and Chevrolet's Camaro, were sold last year – means it will probably only be a matter of time before the MGF takes to North American roads.





Europa: Claus-Dieter Ehlermann

Case for a cartel body

Should an independent European Union cartel office be established? It is an excellent idea – in theory at least. At present, almost all enforcement of EU competition rules is in the hands of the European Commission, subject to appeal to the European courts. Reforming this system is not something to be taken lightly.

But there are a number of arguments in favour of making the change. First, it would help to allay some people's suspicions that the European Commission makes its decisions only partly on strict competition grounds.

There is concern that decisions made by a body which is composed of 20 politicians from 15 countries will inevitably be based partly on other factors, such as general industrial policy and old-fashioned political horsetrading.

Second, an independent cartel office might also help to allay suspicions that the commission does not disclose its real reasons for ruling against a deal.

In my experience, the commission has always reached its decisions strictly on competition policy grounds. But this does not negate the validity of arguments in favour of an independent office. Over the past decade we have had strong commissions, a strong president, and strong competition commissioners. The new commission is no exception. But who knows what the future holds?

Why not then take the plunge and set up an independent office in 1996? The intergovernmental conference will be able to make the necessary change to the Treaty of Rome. Before it does, however, there are important disadvantages that need to be taken into account.

The first of these is deciding what is meant by "independent". Most people envisage a UK-style Monopolies and Mergers Commission, or a German-style Bundeskartellamt: a body headed by a strong individual, independent of government, which makes decisions or recommendations that can only be overturned under the glare of publicity.

This type of structure could only be expected to work on a European scale, however, if there were a Europe-wide consensus on the type of competition policy that is needed. While rapid progress is being made, we do not yet have any real consensus. Witness, for example, the uproar in France when the commission prohibited the takeover of De Havilland, the Canadian aircraftmaker, by France's Aerospatiale. Or the opinion of Mr Dieter Wolf, head of the Bundeskartellamt, that the commission is "soft" on mergers.

Until a consensus is reached, it is unrealistic to expect a European cartel office to be based on existing national models. It is more likely that it would be headed by a panel of representatives from the member states, which would reach decisions on a case-by-case basis. It is debatable whether such a structure would be noticeably more independent than the one we have now.

Another question that needs to be thought through is the possible impact of reform on EU merger rules – one of the strengths of which is that they are based strictly on competition grounds. When the merger regulation was being drawn up in the late 1980s, there was an important debate between some member states which argued that a merger should be vetted only on whether it resulted in a dominant market position and others which called for a more general "community interest" test. The first view prevailed.

But if an independent office were set up, some form of political veto would be inevitable. Even in Germany, the Bundeskartellamt does not have the final word. Decisions made by an independent agency would probably have to be confirmed or rejected by the commission. And the commission's terms of reference would include, as in all other merger control systems in Europe, the public or community interest. This would, in effect, mean the introduction of non-competition-based considerations into the decision-making process – the very thing that advocates of an independent office want to avoid.

Finally, removing the competition directorate – DG IV – from the commission, would have a price. DG IV is at present consulted on all major legislative projects and promotes free-market thinking. I for one would be sorry if this input were lost.

In summary, conditions are not yet right for an independent cartel office to start operating, although trends are moving in the right direction.

The right course of action would be for next year's IGC to decide in principle that an independent office responsible for antitrust matters, including mergers, and perhaps some regulatory functions, can be set up.

But the decision on when the office would start functioning should be left for a future decision to be taken jointly by the European Council and European Parliament.

In the meantime, why not set up an independent body to comment – after the event – on decisions made by the commission?

This body could also play a role in advising on policy matters and, prior to its adoption, on new legislation. Its views and reports should, of course, be public. The body should be given complete and open access to all documents in the commission's possession and should be bound by the same rules as the commission regarding confidentiality. This is a move we could, and should, make today.

Conditions are not right for an independent cartel office, but trends are moving in the right direction

The author is director-general for competition of the European Commission.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Ramos must support social advances

From Mr Bill Jordan.

Sir, I would have liked to share the cautious optimism shown by Edward Luce, your Manila correspondent ("Ramos in push to lure investment", March 2) over Filipino President Fidel Ramos' claimed intention to make democracy the key to the country's efforts to become an Asian "tiger" within five years.

Unfortunately, my enthusiasm has to be tempered following the recent visit to Manila by a delegation from the International Confederation of Free Trade Unions.

For the 200,000 (mostly female) workers in Filipino free trade zones, unfair dismissals, forced overtime and poor pay and working conditions are the rule rather than the exception. They spend 12 to 14 hours a day in sweatshops for a daily salary of 138 pesos (US$6).

Women are asked upon recruitment to sign an affidavit authorising the employers to fire them if they get married. Employers avoid paying social security contributions, and most of them ignore health, safety and environment regulations.

Local politicians, acting in collusion with employers, prevent workers from organising in trade unions. Labour groups in the Philippines have documented 72 cases of trade union rights violations affecting 922 victims in 1994. These include assassination attempts, arrests and disappearances.

This situation has led local unions to call on the government to reject "growth models" based on sub-minimum wages and a union-free environment and to agree to include social clauses in international trade agreements.

If Mr Ramos were to support the social clause, it would be a tangible sign that he is indeed serious about his country becoming a tiger, but one, hopefully, with its claws drawn in.

Bill Jordan,
general secretary,
International Confederation of Free Trade Unions,
Bd Emile Jacqmain 155,
Brussels,
Belgium

Look to Bangladesh for new chief of the World Bank

From Mr Edward F Feighan.

Sir, As a former member of the US House of Representatives who served on the foreign affairs committee, I read with interest your editorial, "A president for the World Bank" (March 1), in which you suggest a new vision for selecting the next president of the World Bank. You say "the right person to articulate [the bank's] purpose is unlikely to be a manager, however gifted, or a manipulator of financial markets, however creative... The bank's aim is development. Its president must define what that means and, no less, explain why it matters."

I caught my first glimpse of a new vision of development nearly a decade ago. At that time, I was a lead sponsor, along with Republican Ben Gilman, the current chair of the House International Relations Committee, on legislation modelled after a different kind of World Bank – the Grameen Bank in Bangladesh.

Its founder and managing director, Muhammad Yunus, has crafted an institution that has grown from one borrower 18 years ago, who used a minuscule loan to free herself from a money-lender and catapult her income from two cents a day to $1.25 a day, to an institution that lends $1.5m a day to the poorest women in Bangladesh. The current 2m borrowers (only 6 per cent are men) buy milk cows and sell the milk, husk rice and sell the rice, and do all other manner of self-employment ventures with loans that average $100 each and have a default rate of just 2 per cent.

There is no person who has a better understanding than Muhammad Yunus of how to use banking to eradicate poverty. There is no person who has better demonstrated what we must do to solve the problems before this week's UN summit on social development – poverty, employment, and social integration.

Edward F Feighan,
Climaco, Climaco, Seminatore, Lefkowitz & Garofoli,
Ninth floor, the Halle Building,
1228 Euclid Avenue,
Ohio 44115,
US

Barings: questions of recruitment and control

From Mr G. Avison.

Sir, In the wake of the Barings collapse the banks have predictably focused their attention on characterising this as an isolated incident, checks and balances breached, systematic fraud and so on.

This totally ignores the underlying problem which is that the banks recruit poorly educated chancers whose only required qualification is personal greed and then encourage them to gamble their customers' and shareholders' money in a game that they have invented solely for the purpose. The so-called "sophisticated financial instruments" of derivatives are nothing of the sort and have nothing to do with serving the needs of commerce and industry.

Why do they do it? Because gambling, if you win, beats working for a living – how else is a 28-year-old going to get paid £200,000 a year. The banks, of course, take their share. Isn't it risky? Obviously, but insider knowledge helps the odds, they have always on balance come out ahead or been bailed out or been able to put charges up or call in loans to companies struggling to earn a living the hard way.

Who loses? In the long run we all do. Not just financially, but because once again we have confirmation that greed and incompetence rule in our financial institutions and that a decent education is a positive handicap in the UK.

Another step down the long road of decline. Hey ho!

G. Avison,
The Technology Partnership,
Melbourn Science Park,
Cambridge Road,
Melbourn, Royston,
Hertfordshire SG8 6EE, UK

From Mr Alex Kan.

Sir, It would appear that, once again, the inability of an organisation to understand and control its own business has been blamed on the existence of derivative products. The contracts traded were, in fact, as transparent as any transaction which may be traded. Whatever internal controls were in place must have been extremely deficient, and one would assume those charged with implementing them were not vested with the proper authority.

There is a trend among financial organisations, certainly in the UK and Europe, to place a much greater emphasis on the controlling role of operations and support areas, and this complements the direction set by the regulatory authorities. The dinosaur attitude – where a trader says do it and it is done without question – must become a thing of the past.

Alex Kan,
15 St Andrew's Place,
Shenfield, Essex CM15 8HH, UK

Canada's budget a gamble

From Mr Michael Taube.

Sir, The evaluation of Canada's recent budget in your editorial, "Canada's debt reprieve" (March 1), gives a strong account of its many features.

Even as a rightwinger and a member of the Progressive Conservatives in Canada, I must give due credit to some of the proposals of Mr Paul Martin, the finance minister. This budget will appease many of the warring factions within our country. The "cut-and-slash" technique of 45,000 public sector jobs will help relieve Canada's bloated bureaucracy. By leaving the already high personal income tax rate as is, prime minister Jean Chretien will win many more friends. Martin's conservative assumption on the government bond rate to aid lower gross domestic product target numbers by 1996-1997 seems plausible.

Obviously, the budget was hardly perfect. I was one of many who were hoping for cuts to our welfare system. Unlike what your editorial states, I believe there are many faults within Canada's social services, especially within welfare. There are too many people abusing the system. Martin was probably forced to back down from reforming the welfare system by special interest groups. For me, it was a typical Liberal manoeuvre, but a shame nonetheless.

I must give the devil his due – the Liberals took a gamble on a tough budget, and won. The issue of Quebec, with a referendum possibly coming this June, is still up in the air. However, with this committed budget, there may now be some hope for those in Canada who believe in national unity.

Michael Taube,
London House,
Mecklenburgh Square,
London WC1N 2AB, UK

Approach for currency board views unsolicited

From Prof Steve H Hanke.

Sir, Mr Ariel Buira, deputy governor of the Bank of Mexico, asserts (Letters, March 3) that I was motivated to write to the Financial Times (Letters, February 21) because I am a self-promoter and upset over not being awarded a consultancy by the bank. His venomous remarks further validate my conclusion that some Mexican officials are "misinformed and confused".

On January 24, I received an unsolicited telefax from the Bank of Mexico. It stated: "At the central bank we are aware that you are one of the foremost experts on this subject (currency boards) and we have been studying your work. At this stage we would like to explore the conditions under which you would be available for consultations with us." This hardly qualifies as self-promotion. Furthermore, as far as I am aware, these explorations are still under way.

Steve H Hanke,
professor of applied economics,
The Johns Hopkins University,
Baltimore,
Maryland 21218-2686,
US

هيكل من الاهرام

FINANCIAL TIMES

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Tuesday March 7 1995

All change in the ERM

The US dollar catches a cold and the ERM sneezes. But this is neither a crisis for the new, more flexible ERM, nor a grave defeat for Spain and Portugal, nor even a salutary warning about prospects for European Monetary Union. It merely demonstrates that the flexibility inherent in an adjustable-peg exchange rate mechanism such as the ERM will be used. The questions now are whether these difficulties will spread to countries in a tighter relationship with the D-Mark, particularly the French franc, and how Spain and Portugal themselves should respond.

In the wake of yesterday's 7 per cent devaluation of the central rate of the peseta within the ERM, Mr Kenneth Clarke, UK chancellor of the exchequer, had the cheek to warn the Spanish that unless they followed proper economic policies, devaluation would continue, as it has for the peseta since 1992. This was vainglorious, with sterling touching an all-time low of DM 3.31 – although Mr Clarke could feel pleased that sterling's 16 per cent devaluation from its pre-September 1992 central rate is significantly smaller than the peseta's cumulative depreciation of 23.5 per cent.

Currencies squeezed

Dollar declines against the D-Mark always put pressure on European currencies. Weakness against the D-Mark is, in fact, affecting all major European currencies. The D-Mark yesterday touched L1,215, making the devaluation of the Italian lira from its pre-September 1992 central rate 38 per cent. The French franc is the only major European currency not to have been formally devalued against the D-Mark in the 1990s, but it fell yesterday to an all-time low of 3.55 to the D-Mark, 5.5 per cent below the central rate, although well within the wide band of 15 per cent.

The wide-band ERM is showing its value. A degree of flexibility in French monetary policy has been allowed by a larger exchange rate adjustment than would have been possible within the old 2.25 per cent band. For the peseta, too, the wide band has had advantages, since the 7 per cent adjustment of its central rate falls within the 15 per cent band. This allows a large exchange-rate adjustment, without giving speculators the one-way bets of the narrow-band regime.

The system itself is working. But what is to be made of the devaluations? Certainly, they are no panaceas, as Mr Clarke noted. There is a danger that depreciation will exacerbate inflation, particularly in Spain, where the annual rate of consumer price inflation is stuck over 4 per cent, notwithstanding an unemployment rate above 24 per cent. Portugal, by contrast has managed to lower its rate of inflation sharply.

Deficit promises

The Spanish government, which sought the adjustment of the peseta – to the understandable annoyance of the Portuguese, who had no wish to follow suit – has promised to keep the budget deficit for 1995 within the ceiling of 5.9 per cent of GDP. This is probably too large, although the government has also committed itself to a target of 4.4 per cent next year.

Past devaluations have boosted the Spanish economy and facilitated adjustment of the external accounts. Year-on-year increases in export volume were running as high as 20 per cent in the first half of last year, faster than from Italy. After the recession in 1992 and 1993, economic growth has also been picking up: to reach an annual rate of 2.35 per cent in the year to the third quarter of last year.

The Spanish aim is low inflation, rapid growth and a reduction in unemployment. Provided the right complementary policies are put into effect, this may be achievable. But it has certainly not been achieved hitherto and now looks rather remote. Spain is more likely to achieve faster growth, at the expense of higher inflation, which would render an early entry into Emu rather implausible.

These events do underline the wisdom of the modifications to the ERM in 1993. They also show how much work Spain and, to a lesser degree, Portugal need to do if they are to be allowed into Emu. But a single currency is a fundamentally different beast from the ERM in any of its incarnations. These events do not change that. It remains a leap into the dark. When that leap will be made, by whom and what life might be like on the other side remain as uncertain today as a few days ago.

Finding the truth about Barings

The search for scapegoats is rarely edifying, and the Barings disaster is no exception to this rule. The bank blames Mr Nick Leeson, its "rogue trader". Mrs Leeson blames her husband's bosses. Mr Peter Baring blames nameless conspirators. Singapore blames the Barings head office. And the Labour party is doing its best to blame the Bank of England and the Bank's political master, Mr Kenneth Clarke, the chancellor.

On the face of it, the Labour case is weak. The Bank was right to let Barings go bust. Its judgment has been vindicated by the small market impact of the crash and the satisfactory nature of the rescue by ING Bank, which has protected depositors and jobs, but penalised shareholders.

The primary responsibility for the astonishing weakness of controls within Barings lies with the bank's senior managers. The Bank of England will doubtless consider whether they remain "fit and proper persons" to exercise banking responsibilities.

But the weakness of controls raises a more general question about the crisis. When it was portrayed as a very rapid build-up of ill-judged derivatives positions by a single trader, it was hard to see how banking supervisors could have caught it in time.

Now it is clear that internal complaints about the weakness of controls go back months, if not years; that a very large proportion of Barings' capital was transferred to meet the obligations Mr Leeson was incurring; and that supervisors elsewhere knew things about the risks Barings was running that the Bank of England did not.

Supervision questioned

As Labour says, these points raise a question over the adequacy of the Bank of England's supervision. Is it enough, therefore, for the inquiry into that issue to be handled by the Board of Banking Supervision, as Mr Clarke intends?

Labour calls this an in-house, not an independent inquiry; Mr Clarke says it's as independent as can be. Labour's case is strengthened by three aspects of the board.

It was set up to advise the Bank on its supervisory functions, not to carry out investigations. At the moment of its creation, the man who is now the minister for the City, Mr Anthony Nelson, expressed the fear that it might become a "cosy luncheon club", a cosmetic exercise concealing business as usual. It will not carry out the investigation itself, but has delegated the task to a Bank employee, Mr Ian Watt, head of the special investigations unit.

Probe's merits

Still, there are arguments for the way the inquiry has been conceived. Mr Watt, a recent appointee who reports directly to the governor of the Bank, is independent of the banking supervision department. He will draw on specialist expertise from the accountants Arthur Andersen, from the law firm Norton Rose, and from J.P. Morgan's derivatives team.

If the independent members of the board dislike the report he drafts, or the response to it by the Bank, they can take their views to the chancellor. The report itself will be published.

Above all, the report is likely to be completed quickly. The Bingham report, a full-scale inquiry into the collapse of BCCI by Lord Justice Bingham, took well over a year. The Barings report, says the Bank, is "urgent". Let us hope that urgency is calibrated to the normal human metabolism, rather than that of central bankers or civil servants.

For this to be a satisfactory approach to the inquiry, then, a few criteria must be met. First, the report must be written to illuminate any failures of supervision, rather than conceal them. Second, it must be aimed at drawing practical, specific lessons for the future, rather than recommending vague improvements in communication.

Third, the independent members of the board must exercise to the full their right to pursue embarrassing or difficult questions, taking them to the chancellor and to the public if necessary.

If these provisos are met, the proposed inquiry is, on balance, a satisfactory way to proceed. The concerns expressed about the nature of the inquiry and – in an earlier existence – by Mr Nelson about the board are perfectly valid ones, however. It is up to the investigators, and the board, to prove them wrong.

The experience of Poland has mapped a path to reform for Russia and Ukraine, say **Martin Wolf** and **Chrystia Freeland**

The long day's journey to market

The world inclines to socialism because the great majority of people want it. They want it because they believe that socialism will guarantee a higher standard of welfare. The loss of this conviction would signify the end of socialism – Ludwig von Mises, Socialism, 1922

The world was warned by this great economist of the Austrian liberal tradition. But the socialist experiment was taken to its bitter end in the planned economies of the former Soviet empire. Now those on whom that experiment was made are attempting to construct its opposite.

The spotlight is shifting this year to the two giants of the post-communist world: Russia and Ukraine. Mr Victor Chernomyrdin, Russia's prime minister, told the Financial Times last week that 1995 is the "turning point", the year when the troubled economy must be stabilised. Russia is also poised to reach an agreement with the International Monetary Fund for a $6.4bn (£4bn) standby loan.

Similar urgency is being expressed by dilatory Ukraine, which signed a $1.8bn standby agreement with the IMF only last week. The deal signals a commitment by the government of president Leonid Kuchma to reform. Under negotiation for almost five months, it holds the country to tight macroeconomic policies and price liberalisation.

These reforms are set to follow the path taken five years ago by Poland, the largest post-communist country of eastern Europe.

The launching a little over five years ago of the Balcerowicz plan, the "shock therapy" for Poland formulated under the direction of Mr Leszek Balcerowicz, deputy prime minister and finance minister, marked the start of serious reform in former communist countries.

Already in the Outline Economic Programme of October 1989, the new Solidarity government, under Mr Tadeusz Mazowiecki, had set out both its aim and the challenge it confronted. "The objective," it said, "is to set up a market system akin to the one found in the industrially developed countries. This will have to be achieved quickly, through radical actions.

"We are embarking on the reshaping effort under extremely adverse conditions. The economy is in ever more tenuous disequilibrium ... The ecological disaster, the housing crisis, the foreign debt burden, the emigration by the most active part of the young generation – these have been swelling for years. In recent months, additional crisis symptoms surfaced or mounted in force: a rapid price climb linked to a wage explosion, the flight from the zloty, the growing deficit of the state budget and also a drop in output."

The Balcerowicz plan was a venture into the unknown, undertaken in inauspicious circumstances and, as it would turn out, with modest western assistance. Its aim was to implant, as swiftly as practicable, the constituent elements of a market economy.

How does this effort look five years later? The broad answer is that it has worked. This means neither that it succeeded perfectly, nor that mistakes were avoided. But Poland has come a long way from the time when shops were bare and some wondered whether it could even feed itself.

These years have provided four broad lessons on the transition from the planned economy to the market:

- The notion of "shock therapy" gives a misleading impression of instantaneity, but there is a strong case for decisive action, particularly over stabilisation and liberalisation.
- Reform can be pursued successfully even amid popular dissatisfaction, provided elites recognise the absence of credible alternatives.
- The core of the reform is creating the conditions for the growth of the market-oriented private sector.
- Mistakes made by reformers are a less important explanation for the difficulties than the dismal legacy of communism.

The painful path from communism to capitalism

	Real GDP					Retail/consumer prices (end-year)				
% change	1990	91	92	93	94 est	1990	91	92	93	94 est
Albania	−10	−27	−10	11	7	na	104	237	31	16
Armenia	−7	−11	−52	−15	0	na	na	1,341	10,996	1,100
Azerbaijan	−12	−1	−23	−13	−15	na	126	1,395	810	1,900
Belarus	−3	−1	−10	−12	−26	na	93	1,559	1,994	1,775
Bulgaria	−9	−12	−6	−4	0	73	339	79	64	122
Croatia	9	−14	−9	−3	1	136	149	937	1,150	−3
Czech Republic	0	−14	−7	0	3	18	52	13	18	10
Estonia	−8	−11	−14	−3	4	na	304	954	36	42
FYR Macedonia	−10	−12	−14	−14	−7	608	115	1,691	244	54
Georgia	−12	−21	−43	−40	−35	5	131	1,463	7,492	7,308
Hungary	−4	−12	−4	−2	3	33	32	22	21	21
Kazakhstan	0	−13	−14	−12	−25	na	150	1,176	2,169	1,000
Kyrgyzstan	3	−5	−25	−16	−10	na	170	1,771	1,366	87
Latvia	3	−8	−34	−12	3	na	262	958	35	26
Lithuania	−5	−13	−38	−16	4	na	345	1,175	188	44
Moldova	−2	−12	−25	−14	−20	na	162	1,275	837	111
Poland	−12	−8	2	4	5	249	60	44	38	30
Romania	−6	−13	−14	1	2	38	223	199	296	66
Russia	−4	−13	−19	−12	−15	na	144	2,318	841	205
Slovakia	0	−15	−7	−4	4	18	58	9	25	13
Slovenia	−5	−8	−5	1	5	105	247	93	23	18
Tajikistan	−2	−13	−34	−28	−15	na	204	1,364	7,344	na
Turkmenistan	2	−5	−5	−8	−10	na	155	644	10,000	1,500
Ukraine	−3	−12	−17	−14	−23	na	161	2,000	10,155	276
Uzbekistan	2	−1	−11	−2	−3	na	169	910	885	368
EASTERN EUROPE	−8	−10	−4	1	4					
CIS	−4	−12	−19	−13	−17					

Source: EBRD

There are four aspects of the transition to the market: stabilisation, liberalisation (mainly of prices and trade), institutional restructuring and privatisation.

The transition report from the European Bank for Reconstruction and Development raises questions about the pace at which transition can be managed, but also states that "it has certainly been learned from the range of countries' experiences that those that pressed ahead more radically on all four fronts have been rewarded not only with relatively rapid movements towards a market economy, but also, in most cases, by more modest falls or earlier recovery in output"[1].

Shock therapy may be defined, in practice, as *immediate* stabilisation (where needed), *rapid* moves towards price and trade liberalisation (while avoiding wholesale bankruptcy of enterprises) and a *firm* impetus towards institutional reform.

Professor Balcerowicz, in a jointly authored paper, calls this schema a "two-stage" transition, the first being towards "marketisation", the second being movement towards an economy dominated by private ownership[2].

Why should moving as rapidly as feasible matter? One reason is that the breakdown of communism offered a possibly brief opportunity to make radical changes, while the old bureaucratic elite was discredited.

Another is that early and visible changes were needed to make the shift to the market economy credible. Yet another is that early stabilisation and liberalisation forced state enterprises to be more efficient and created the environment needed for the growth of efficient private business.

If the first lesson is that momentum had to be imparted from the start, the second is that popular opposition mattered less than reformers feared immediately after the fall of the Berlin Wall. Then, there were deep worries about a public backlash if adjustment proved too painful. That backlash appears to have occurred: Poland, Hungary and Lithuania have all reinstated former communists in office. Estonia seems likely to do so.

Even so, the nightmare of eastern European reformers has not materialised. Although Poland and Hungary face levels of unemployment unthinkable under communism, there has been no popular revolt. Moreover, the newly elected governments in Warsaw and Budapest may prove socialist in name and background only. The lesson is that it is elite opinion which matters most, although it is important that there be a reasonably large group of beneficiaries, something that the privatisation of small enterprises has created in many countries.

In several countries, attempts at reform under the communists led to declining output and huge fiscal deficits

This evidence ought to embolden reformers in Russia and Ukraine. Mr Chernomyrdin's recent words reflect a growing conviction within the Russian elite that there is indeed no alternative, a realisation that may now allow the government to persist with reform. The same should also be true for Ukraine, since it had a still more disastrous experience than Russia with non-reform and non-stabilisation under the Kravchuk regime.

The third lesson of eastern Europe has been that emergence of a new and dynamic private sector is more important than privatisation of the old state enterprises, so long as the latter are forced to adapt by tough fiscal discipline and price liberalisation.

This conclusion may appear peculiar, since the single greatest difference between communism and capitalism is private property. Yet comparing the experiences of Poland, Hungary, the Czech Republic and Russia suggests that privatisation is no panacea.

Of the four countries, Russia has embarked on the most ambitious mass privatisation programme. But because privatisation in Russia has occurred without constraining the subsidies to formerly state-owned enterprises, without the comprehensive liberalisation that would allow the emergence of a competitive private sector and without the creation of a new legal order, it has not transformed the country's economy.

Instead, as the Hungarian economist Janos Kornai observed in the 1970s, drawing on Hungary's effort to create a half-way house between communism and capitalism, nominally privatised enterprises in Russia are still governed by the "soft budget constraint". In practice this means that political connections – and the ability to obtain subsidies – have more bearing on a factory's success than the quality of its management.

In Russia, this behaviour sabotaged the government's efforts to stick to fiscal and monetary austerity last year. The government's stab at austerity meant that factories did not have the financial resources to produce unwanted goods in accustomed quantities.

Russian factory managers paid this message no heed. Short of money, they accumulated massive inter-factory debt, all the while counting on the government to bail them out. Last summer and autumn, this is what the government did, by issuing soft credits that pushed up inflation and played a major role in the rouble's catastrophic fall last autumn.

By contrast, Poland and Hungary have yet to launch mass privatisation programmes. But, because they have liberalised and imposed hard budget constraints on state enterprises, greenfield private concerns have emerged as competitors and state enterprises have been forced to play according to the rules of the market. Although crash privatisation in both Hungary and Poland is minuscule by comparison with Russia, the *genuinely* private sector in these two countries is larger.

The last lesson, not quite as obvious five years ago as today, is the dismal legacy of communism itself. They made a desert and called it socialism. Huge factories were thrown up. Millions of tons of steel and cement were produced. But all this contributed little or nothing to the welfare of the population. Underneath the economic failure lay the decayed and corrupted bureaucracies; the cynical populations; the corruption of morality in the name of expediency; the pollution; the degradation of law; and the absence of rights.

A comparison by Professor Jeffrey Sachs of Harvard of the post-war fate of Poland and Spain, two Catholic countries on the edges of Europe, illustrates the story[3].

In 1955, Poland's income per head was a little higher than Spain's. By 1986 it was a quarter of the Spanish level. Yet Poland's hypertrophied industry produced more electricity and almost 50 per cent more steel than Spain's. Similarly, before the second world war Czechoslovakia was one of the most advanced countries in Europe. By 1992, however, its real income per head (at purchasing power parity) of $7,160 was a mere 40 per cent of Austrian levels.

The tainted social, political, economic and ecological legacy makes successful reform difficult. But the final stage of the rake's progress of state socialism was also what made it urgent.

In several countries, including Russia itself, attempts at reform under the communists led to declining output and huge fiscal deficits. High inflation and collapsing output did not follow reform, but normally preceded it.

While the direction to be taken is clear and justifiable, mistakes have, inevitably, been made. Mr Richard Portes, director of the London-based Centre for Economic Policy Research, lists many in a recent paper: initial forecasts for output were too optimistic; problems posed by a bankrupt banking system were inadequately addressed; devaluations were often excessive and monetary policy sometimes too tight; property restitution created uncertainty and discouraged investment; privatisation schemes were too complex; the capacities of certain state enterprises were underestimated; arrangements for trade among the socialist countries were dissolved too swiftly; and there was inadequate attention to reducing external debt[4].

Nonetheless, the courage of that first reforming Polish government has been rewarded. Anyone who seriously doubts this need only take a glance at conditions further east. The peaceful collapse of communism is the most heartening event of this century. If Russia and Ukraine are to enjoy its fruits, they must follow Poland's example.

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[1] *European Bank for Reconstruction and Development, Transition Report, October 1994.* [2] *Leszek Balcerowicz and Alan Gelb, Macropolicies in Transition to a Market Economy: a Three-Year Perspective, Annual Bank Conference on Development Economics, World Bank, April 28-29: 1994.* [3] *Jeffrey Sachs, Poland's Jump to the Market Economy (Cambridge, Mass and London, England: The MIT Press, 1993).* [4] *Richard Portes, Transformation Traps, Economic Journal, September 1994*

OBSERVER

Taxing times

■ The French taxman is a rather more accommodating soul than other nations' bogeymen. In a country rich in every conceivable tax loophole, there are obviously advantages in making the odd concession to those prepared actually to admit to some sort of fiscal liability.

This year, the official deadline for filing the annual tax form – end February – has been extended, twice. So was midnight Sunday really *l'heure limite*?

The band of 20,000 tax inspectors, who normally only answer questions two mornings a week, had been making themselves available daily. Some were even spotted manning stands in shopping centres, while an enterprising tax bureau chief in Strasbourg had set up a "drive-in" service.

No such facilities in Lyon, however. Local last-minuters arriving at the tax office at witching hour found to their horror that the letter box was behind other, locked doors. So a third extension has been granted.

Confidence vote?

■ No hard feelings towards competitors, apparently, at Asea Brown Boveri, Europe's largest electrical engineering company. The UK press party for tomorrow's annual results shindig in Paris leaves London's Waterloo station today on a £24m Eurostar train built by arch-rival GEC Alsthom. Or perhaps ABB is hoping the train will break down ..?

Gentleman first

■ One undoubted winner in the Barings crisis is Cazenove & Co. Its football team beat Crédit Lyonnais recently after a penalty shootout and was due to face Baring Securities in the quarter final of the Stock Exchange's Rossage cup. However Barings pulled its team out last week with the result that Cazenove is through to the semi-finals. Observer contacted Baring Securities to see if it planned to appeal the decision now that it had been bailed out by ING, but its skipper could not be found. Sounds familiar.

Wellcome diversion

■ It's make or break week for Wellcome – and Observer is not talking about the Glaxo bid. This morning Wellcome has to get shareholder approval at an extraordinary general meeting to rectify a series of mistakes.

Apparently, the interim accounts for 1989, 1990 and 1994 were not filed with the registrar of companies. As a result, the interim dividends paid in 1989, 1990 and 1994 were wholly or partially paid in technical infringement of the Companies Act. Wellcome has been advised that there could be claims made against its directors who participated in the relevant board meetings.

A minor oversight it seems, and no one seems to be very upset about it. Even so it is highly unusual, and is the sort of irritant that Wellcome could do without as it scans the horizon for a white knight to rescue it from Glaxo's clutches.

Dutch zap

■ While ABN Amro was competing in vain last week to be chosen as Barings' 20-shilling saviour, the Dutch bank's staff was preoccupied with another deadline. By order of the top brass, all computer games had to be removed from internal systems by March 1. Penalty for non-compliance: the sack.

Swiss waltz

■ Does Credit Suisse still pine after Creditanstalt, the Austrian bank it made an abortive bid for last year? With xenophobia seemingly reaching alarming levels in Austrian banking circles, the Swiss withdrew. Now the government faces a budget crisis and is happy to sell its stake in Creditanstalt to anyone with real cash. So will CS try again?

The answer from Josef Ackermann, the Credit Suisse chief executive: "If you ask a beautiful woman to dance and she refuses, you do not ask again. So the only way you can ever dance with her again is if she comes and asks you."

Paper tiger

■ Trust the French to take a subject to its logical conclusion. British newspaper tycoons' price wars look pretty feeble affairs when one considers InfoMatin was yesterday going out with a cover price of precisely FFr0.00. One-day wonder that it was, the circulation drive was also economically considerably more soundly based – all paid for by sponsors Hewlett Packard, thank you very much.

Some of InfoMatin's journos threatened to strike at the prostitution of their art. But need they have worried? One newspaper vendor proudly informed Observer that free copies were available for existing clients only.

Future perfect

■ Nick Leeson's lawyers have some interesting mail for him, according to chit chat in City head hunting circles. At the current count, the Barings trader holed up in a Frankfurt jail is supposed to be the lucky recipient of job offers from up to five financial institutions – the "logic" being that traders who lose a lot of money tend to be wiser creatures thereafter.

The Financial Times

100 years ago

The French sugar industry
If the German Parliament enacts an increase in the German bounties on sugar exports, the French Government will submit to Parliament a Bill making a corresponding increase in the French surtax on foreign sugars imported into France, so as to protect the French market from German competition.

50 years ago

A capital flight
A capital flight on a large scale from Germany to Sweden is reported to be taking place through the transfer of German patents. The Swedish patents office is apparently being inundated with registrations of patents on behalf of German individuals, commercial corporations and research organisations.

Realising that the collapse of the present German regime is at hand, German industrialists and technologists are anxious to safeguard their patent rights by a transfer to neutral territory. This is in order to cover themselves over the period of Allied control of German industry.

FINANCIAL TIMES
Tuesday March 7 1995

Opposition likely from favoured companies

Yeltsin acts to remove privileged trading status

By Chrystia Freeland in Moscow

President Boris Yeltsin of Russia yesterday signed decrees revoking the special trading privileges enjoyed by many politically favoured companies in a move which could pave the way to a radical liberalisation of Russian trade.

If fully implemented, the president's orders could lead to the dismantling of an unfair and corrupt foreign trade regime under which well-connected companies have been allowed to accumulate privileges such as exemptions from import and export duties and from quotas.

The two decrees, prepared in co-operation with Mr Victor Chernomyrdin, the prime minister, appear to remove one of the biggest remaining hurdles to an agreement between Russia and the International Monetary Fund, which has been pressing Moscow to liberalise its foreign trade regime.

But Mr Yeltsin's orders are likely to run into strong opposition from companies which have taken advantage of the present system, notably the politically powerful oil exporting groups.

Yesterday's announcement came after three reformist decrees signed last week and the government's formal renunciation of its former practice of covering the budget deficit by printing money. They are part of a broader effort to ensure that 1995 is the year in which Russia makes progress with economic liberalisation and in bringing down inflation.

Mr Alexander Livshits, a presidential adviser on economic policy, said yesterday's decrees would come into force on May 15. They could earn the government hundreds of millions of dollars in additional revenue as companies currently exempt from paying import and export tariffs are forced to pay.

"This is a very serious decision," Mr Livshits said. "Our current, strange, impulsive economic policy, in which some companies are granted privileges and others are not, is to be replaced with an open and transparent system."

"This is revolutionary," said one western economist in Moscow. "It seems that the reform effort is back on track and the reform team has the backing of the president and the prime minister."

However, Mr Livshits predicted that groups which stand to lose out under the new law, will oppose it fiercely. These include the select group of 14 "special exporters" of oil, which have exclusive and lucrative rights to export.

But he said the government was counting on support from businesses which do not enjoy privileged status.

The long day's journey to market, Page 15

Dasa and Samsung plan to develop aircraft with China

By Michael Lindemann in Bonn

Daimler-Benz Aerospace (Dasa) yesterday signed an agreement with a South Korean consortium, including the Samsung group, to develop regional aircraft in partnership with a Chinese company.

The agreement is the third leg of a joint venture between the Korean consortium and Aviation Industries of China, and between Aviation Industries and Dasa, which agreed on a partnership in December.

The regional aircraft market is crowded, with at least 17 manufacturers. Established manufacturers expect competition to increase as emerging Asian countries attempt to establish their own aerospace industries.

The new German-Korean alliance comes just weeks after Dasa was excluded from a new regional aircraft alliance between British Aerospace and the Franco-Italian ATR consortium.

Dasa said at the time: "All-European solutions are no longer sufficient to safeguard the future. Daimler-Benz thinks it necessary to pass European borders and extend activities to Asian countries."

Yesterday, Dasa said the three-way joint venture hoped to find further partners in Asia, while the "door in Europe also remains open" to other interested companies.

The German and Korean companies signed a memorandum of understanding on the first day of a visit to Germany by Mr Kim Young-sam, the South Korean president.

Samsung Aerospace Industries represented the Korean involvement in its role as the leading member of the Korean Aircraft Development Consortium, an alliance which also includes Daewoo Heavy Industries, Korean Air and Hyundai Technology Development.

The new venture will prepare a feasibility study and hopes to build a jet, capable of seating 100-120 passengers, sometime after 2000 as a replacement for the 100-seat aircraft made by Fokker, the embattled Dutch aircraft maker which was bought by Dasa in 1993. Fokker last week said it would cut 1,760 workers because of weak demand for its aircraft.

It remains unclear when specific proposals will emerge from the feasibility study. A 120-seat aircraft would cost up to DM2bn ($1.3bn) to develop, but final costs would depend largely on whether the aircraft is equipped with a completely new engine, Dasa said.

The three partners had not yet decided how the work and the costs would be shared, it added.

Dasa has repeatedly said it wants to become Europe's leading aircraft manufacturer and is estimated to have spent at least DM600m to restructure Fokker, which makes 50-seat turboprop aircraft and 70-seat and 100-seat jets.

Currencies

Continued from Page 1

trading while German government Bunds were up about a quarter of a point in generally weaker European bond markets.

The weakness of the dollar depressed shares in London, where many leading companies have substantial earnings from the US. The FT-SE 100 Index fell 23.2 points to 3001.9, having dipped below 3,000 in early afternoon trading. Shares were also generally weaker in Europe.

Mexican peso hits new low

Continued from Page 1

had previously tolerated an exchange rate appreciation, whereas its new regime offers a possibility of a depreciation of up to 15 per cent by May. "Better be six months late than six years late as in Mexico," said Mr Arturo Porzecanski, an economist with ING Securities in New York.

The Mexican developments and the change in the Brazilian currency regime put further pressure on Argentina, facing a battle to defend its currency parity. The government announced more measures, including the use of $500m of World Bank credit to reduce the risk of defaults by private companies.

The Mexican peso dropped to 6.875 against the dollar in early morning trading, against 6.325 at Friday's close, bringing the depreciation of the currency since its flotation in December at close to 50 per cent. It was briefly quoted at 7 to the dollar.

EU and Turkey agree deal to open markets

By Lionel Barber in Brussels

The European Union last night agreed a customs union accord with Turkey, a landmark deal which breaks Greece's stranglehold on closer economic and political ties between Ankara and the EU.

In return for Greece's agreement to lift its 14-year-old veto on the customs union, the EU has offered a timetable for Cyprus to join the Union around the turn of the century.

The EU-Turkey deal, finalised at a meeting of EU foreign ministers in Brussels, marks a triumph for French diplomacy with potentially far-reaching consequences for the eastern Mediterranean.

When the customs union comes into effect on January 1, 1996, the EU and Turkey will open their markets to a wide range of goods and services. They will remove tariffs and establish common tariffs for products from countries outside the region.

However, some Turkish industries will remain protected from EU competition, and Turkish agricultural exports will still face restrictions in EU markets.

Mr Douglas Hurd, UK foreign secretary, hoped the promise of more generous market access as well as an Ecu1bn ($1.27bn) aid package would strengthen Turkey, which has a vital role as a member of the Nato alliance and a front-line state against radical Islamic fundamentalism.

The promise of future EU membership could act as a catalyst to a political settlement between the Greek-controlled government of Cyprus and the Turkish Cypriot authorities who hold sway over the northern part of the island, Mr Hurd said.

The EU initiative is the most promising effort to end the stalemate over Cyprus, which has existed since 1974 when the Turkish army invaded the island in response to a Greek Cypriot coup backed by Athens.

France, which holds the rotating EU presidency, took the lead after negotiations foundered on a Greek veto last December.

The deal promises Cyprus that accession negotiations can begin six months after the conclusion of the 1996 intergovernmental conference to review the Maastricht treaty.

This assumes progress in talks between the Greek and Turkish Cypriots.

Ministers also promised a European Commission review of the impact of the proposed customs union on the Greek textile industry, possibly leading to compensation for Athens, though no fixed sums are on offer.

The EU has also extracted promises from Turkey to improve its human rights record.

Treaty sends Turkey westwards, Page 4

THE LEX COLUMN

French in familiar waters

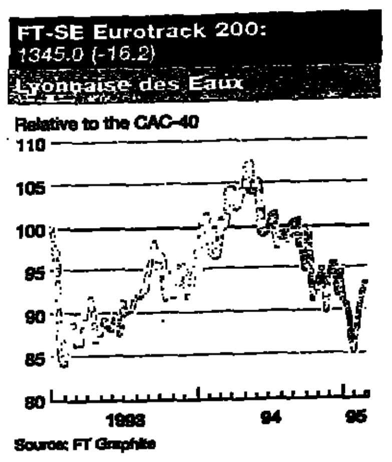
Lyonnaise des Eaux's latest expansion plans are in familiar waters. In the past, the French water company has splashed out on questionable diversifications ranging from mortuary services to construction. But its planned acquisition of Northumbrian Water should prove a good fit. Cost savings would be generated by merging Northumbrian with North East Water, which already belongs to Lyonnaise.

However, the regulator is likely to insist that a large portion of savings is passed to customers rather than shareholders. The merger of East Worcester and Severn-Trent led to a 15 per cent price reduction over four years, and the regulator looks determined to wring more out of the Northumbrian deal. Still Lyonnaise might save as much as £10m on operating costs and more than that on capital expenditure, which should leave something on the table for investors.

Lyonnaise's decision to clear all regulatory hurdles before making a formal bid has left shareholders dangling at least until June. However, Northumbrian Water's share price jumped 17 per cent to £8.70 yesterday, suggesting that initial estimates of a final bid price of £8.50 may be too low.

If Northumbrian tries to defend the bid, it could gear up further. But the company has already said it will reduce its dividend cover to 2¼ times earnings by the end of the century. The group cannot go as far as Northern Electric, which has offered its investors goodies worth £5 a share for rejecting Trafalgar House's bid. Although financially strong, the water companies are still consuming cash. And, like Northern Electric, Northumbrian may find it difficult to push the offer up given the shortage of other potential bidders.

Although bid speculation prompted a rally in the water sector yesterday, most other water companies are either too big or too weak to attract offers. Yesterday's putative bid may, however, encourage other water companies to maximise shareholder value sooner rather than later.



Source: FT Graphite

European currencies

Despite its devaluation, the peseta is not out of the woods. The Spanish currency is being bullied by the markets because it is the ERM's weakest. The weekend's move did nothing to alleviate doubts about Spain's current account and budget deficits, nor reduce political uncertainty. Nor will it halt the dash for D-Marks which lies at the heart of the currency market turbulence.

Other currencies within the ERM risk being pushed aside in this stampede to quality. The Belgian franc's resilience remains a striking phenomenon. Belgium's proportion of debt to gross domestic product – 140 per cent – is an astonishingly high figure for a monetary union aspirant. The currency is partly sustained by the unusually high proportion of debt held by domestic institutions, but the Belgian franc could yet suffer pressure.

Then there is the French franc, which has touched a historic low against the D-Mark. True, the currency would need to fall 8 per cent before it challenged ERM limits. And fundamentals remain strong: French inflation is lower than German. But the polls have raised concerns that opponents of Mr Balladur less committed to monetary union than the French prime minister could still become president. If Mr Balladur wins, he will still have to steady market nerves, demonstrating he can take decisions which meet long-term rather than populist requirements.

ING/Barings

The adage that ING is the TSB of Dutch finance is typical of the snobbery that pervades much of the City of London. It is also off the mark. Part of ING is the old Dutch postal bank, not unlike the UK's TSB. But ING is also a leader in emerging country finance. It knows more about trading and derivatives than many rivals – certainly more than collapsed Barings.

The fit looks good, particularly in emerging markets where ING's debt expertise will complement Barings' position in equities. Still, the bank is not coming cheap given that ING is having to pump in £660m. Subtract the £450m that Baring Asset Management would be worth – if valued at 1.5 per cent of funds under management – and the remaining businesses are being bought for book value. Many investment banks whose reputations are not as tarnished as Barings trade on a discount to book value.

How good the deal is will largely depend on whether ING can keep Barings' staff. That is why criticism of the bonuses being paid to Barings staff is muddle-headed. If bonuses were not paid, the best staff would walk. Those responsible for the catalogue of management failures that led to Barings' collapse are the exception. It is not enough for them merely to forgo their bonuses, as ING made clear. Their heads must roll. ING shareholders should be worried if they do not.

Goodwill accounting

Few accounting topics are quite so contentious as the treatment of goodwill, particularly the goodwill which arises when one company buys another at a premium to the acquired company's net tangible assets. UK finance directors cherish the right to get rid of the irksome substance by writing it off against reserves, whereas elsewhere in the world companies tend to capitalise it on the balance sheet and amortise it against profits over a number of years.

Within a matter of months, the UK's Accounting Standards Board will address the issue. The ASB knows that whatever it proposes will bring a storm of protest, so it will attempt to defuse criticism by holding public hearings on the subject. Its inclination is to oblige companies to capitalise goodwill and write it off. It is also considering allowing companies to pursue the arcane "dangling debit" alternative, whereby companies write goodwill off against reserves but still show it on the balance sheet.

The ASB should take a bold, uncompromising stance and force companies into line with the rest of the world. Letting a company write off goodwill against its balance sheet shrinks its asset base and makes measurement of performance intensely difficult. Companies should have to put it on their balance sheets and write it off against profits, unless it can be proven that its value has deteriorated. Debits should not be allowed to dangle.

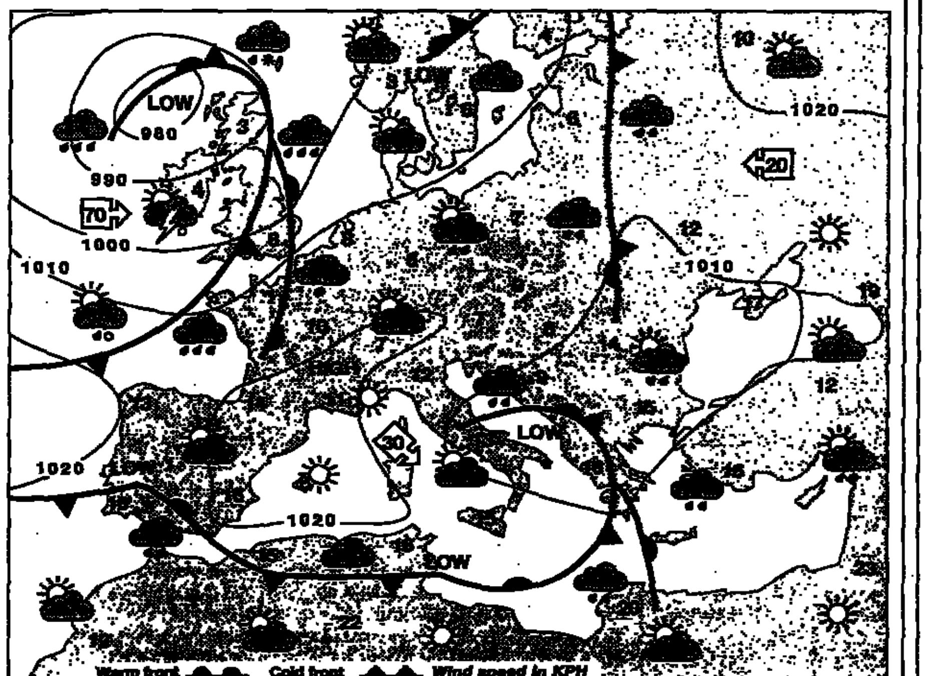
FT WEATHER GUIDE

Europe today

A frontal system, associated with an active depression north of Ireland, will bring outbreaks of rain or sleet to England and Scotland. In the wake of this front, cold and unstable air will be drawn into Ireland, bringing wintry showers, some with thunder. Later today, north-west France and northern sections of Portugal and Spain will have rain. It may also rain in southern Spain due to a low pressure system. The Benelux, Germany, southern Scandinavia and the Alps will have a few morning showers, but in the afternoon, they will be dry with sunny periods. Across Italy and Greece, conditions will improve. Western Turkey and the Balkan states will stay rather cloudy with outbreaks of rain or showers. Southern Russia will remain dry with plenty of sunshine and spring-like temperatures.

Five-day forecast

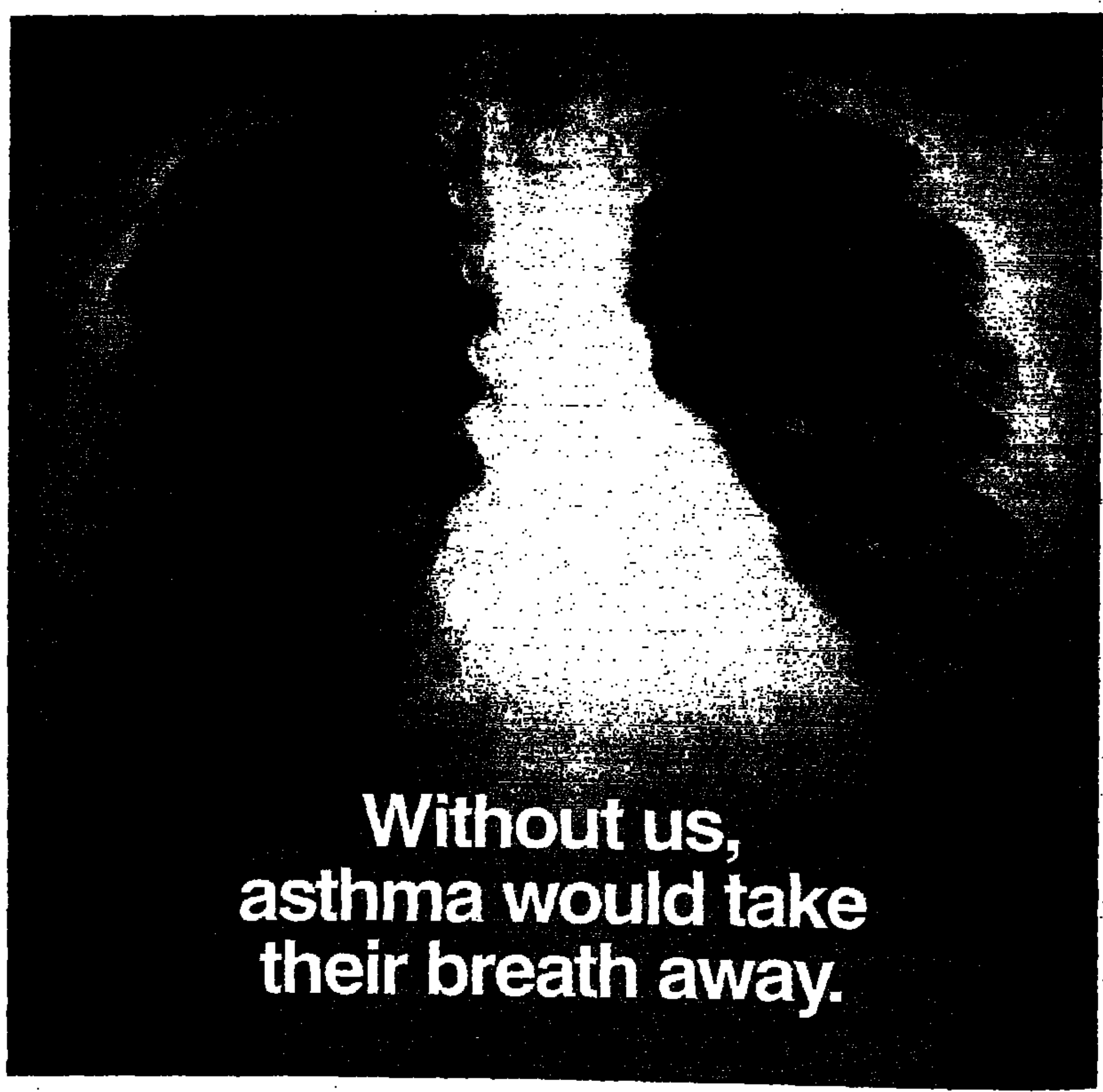
Conditions will stay cool and unsettled across western Europe, due to a series of active depressions. Southern Europe will have frequent thundery showers or periods of rain. However, Greece and Turkey will become dry with plenty of sunshine and temperatures increasing every day.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	sun	24
Accra	fair	34
Algiers	cloudy	15
Amsterdam	fair	8
Athens	fair	16
Atlanta	thund	21
B. Aires	fair	26
B.ham	rain	6
Bangkok	fair	35
Barcelona	fair	13
Beijing	sun	14
Belfast	sleet	3
Belgrade	shower	9
Berlin	shower	8
Bermuda	fair	22
Bogota	fair	19
Bombay	sun	32
Brussels	fair	8
Budapest	fair	8
C.hagen	shower	6
Cairo	sun	22
Cape Town	fair	25
Caracas	fair	29
Cardiff	shower	5
Casablanca	cloudy	18
Chicago	sleet	3
Cologne	fair	7
Dakar	sun	24
Dallas	shower	12
Delhi	sun	24
Dubai	sun	25
Dublin	hail	4
Dubrovnik	rain	12
Edinburgh	sleet	4
Faro	fair	18
Frankfurt	shower	7
Geneva	fair	5
Gibraltar	rain	17
Glasgow	snow	3
Hamburg	fair	7
Helsinki	cloudy	4
Hong Kong	cloudy	20
Honolulu	fair	28
Istanbul	rain	14
Jakarta	thund	30
Jersey	rain	10
Karachi	sun	28
Kuwait	sun	26
L. Angeles	fair	21
Las Palmas	fair	21
Lima	cloudy	28
Lisbon	fair	18
London	rain	8
Lux.bourg	fair	5
Lyon	fair	7
Madeira	rain	19
Madrid	fair	13
Majorca	sun	15
Malta	fair	16
Manchester	rain	6
Manila	fair	32
Melbourne	fair	27
Mexico City	fair	24
Miami	fair	26
Milan	fair	14
Montreal	snow	-2
Moscow	fair	12
Munich	fair	5
Nairobi	thund	29
Naples	fair	12
Nassau	fair	28
New York	shower	13
Nice	sun	13
Nicosia	fair	19
Oslo	fair	2
Paris	cloudy	10
Perth	sun	28
Prague	fair	6
Rangoon	sun	34
Reykjavik	fair	0
Rio	cloudy	29
Rome	sun	13
S. Frsco	fair	17
Seoul	fair	11
Singapore	shower	32
Stockholm	rain	6
Strasbourg	fair	7
Sydney	shower	25
Tangier	rain	17
Tel Aviv	sun	21
Tokyo	fair	10
Toronto	drzzl	5
Vancouver	cloudy	1
Venice	fair	11
Vienna	fair	7
Warsaw	cloudy	7
Washington	fair	18
Wellington	fair	16
Winnipeg	fair	-16
Zurich	fair	4



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FINANCIAL TIMES
COMPANIES & MARKETS
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Tuesday March 7 1995

IN BRIEF

Control of San Paolo di Torino to change

Istituto Bancario San Paolo di Torino, one of Italy's largest banking groups, said it would place "a significant further tranche" of its 74 per cent stake in Gruppo Bancario San Paolo with *Italian and foreign* investors before the end of this year. Page 20

Elf Aquitaine sells Texasgulf for $810m
Elf Aquitaine, the French oil group, announced it is to sell its Texasgulf phosphates *business to the* Potash Corporation of Saskatchewan for $810m. Page 20

Matif poised to gain access to UK market
The UK Treasury is poised to approve *plans that* will give Matif, the French financial futures exchange, direct access to the UK market. Page 20

Olivetti bucks a brighter trend
As other big names in Italian industry are poised to demonstrate a recovery, Olivetti is expected to *report a net loss for 1994 of about* L500bn ($302m), slightly worse than in 1993, and will fail to meet its own target of breaking even at operating profit level. Page 20

Austrian Airlines sees return to black
Austrian Airlines expects to return to profit for 1995 after several years of losses, Mr Fritz Otti, the airline's chief financial officer, said. Page 20

NTT deals blow to BT's global hopes
The decision by NTT, Japan's domestic telecommunications carrier, to tie up with WorldPartners, a global alliance headed by AT&T of the US, is a serious blow to BT and its ambitions to build up a similar international alliance of telecommunications operators. Page 23

Reebok cleared for Indian ventures
Reebok, the US sports shoe and apparel group, said it had won government approval to establish two companies in India. It will aim to create a manufacturing base in the country, and sell Reebok products locally through a new chain of sports shops. Page 29

Iberian bonds not helped by devaluation
Yesterday's devaluations of the Spanish peseta and the Portuguese escudo are unlikely to bring any respite to the woes of those countries' government bond markets. Page 30

Restructured BBA back to black
BBA Group, the engineering and motor components company, revealed the benefits of restructuring by announcing a return to profit and a higher than expected dividend. Page 24

Smith & Nephew hit by exceptional loss
Smith & Nephew, the healthcare group, reported a pre-tax deficit of £5.5m ($8.7m) for 1994, compared with 1993's £164.9m profit, *following a £150m* exceptional loss on the disposal of Ioptex, the optical equipment company. Page 24

BA fails to block Virgin's $1bn suit
British Airways has failed in an attempt to prevent Virgin Atlantic proceeding with a $1bn damages claim in the US. Virgin can now proceed with three anti-trust claims against its larger rival. Page 24

Companies in this issue

ASW	24	Laurentian Bank	22
AT&T	23	Lufthansa	22
Aarhus Olie	22	Lyonnaise des Eaux	1,16,24, 17
American Standard	22		
Austrian Airlines	20	*Maharajah Int'l*	22
BA	24	Maple Leaf Foods	17
BAe	17	Marriott Int'l	22
BBA	24	Mercedes-Benz	8
BMW	14, 8	Metal Bulletin	24
BT	23	Mitsubishi Electric	7
Barclays Bank	8	NTT	23
Barings	18, 1	*Northumbrian Water*	24, 1 17
Berjaya	7		
British Polythene	24	Olivetti	22, 20
British Vita	24	Outokumpu	22
Burnfield	24	Porsche	14
CVRD	22, 6	Reebok	23
Clark Equipment	17	Ritz-Carlton Hotel	22
Conoco	5	Rover	14
Crédit Suisse	7	Safren	23
DASA	16	Samsung	18
Electrolux	22	San Paolo di Torino	20
Elf Aqitaine	20	*Smith & Nephew*	24
Fiat	14	Southcorp	23
Fininvest	4	Spie Batignolles	17
Goode Durrant	24	Steamers Maritime	23
Groupe Schneider	17	Suter	24
Hillsdown Holdings	17	*Texasgulf*	20
Hitachi	7	Toshiba	7
Holmes Protection	24	*Unilever*	24
ICEI Multimedia	22	Unitech	24
ING	18, 1, 16	VME	17
Intrum Justitia	24	Vickers	8
Korea Mobile Tel'cm	23	Virgin	24
Kymmene Oy	22	Volvo	17

Market Statistics

‡Annual reports service	28-29	FT-SE Actuaries Indices	32
Benchmark Govt bonds	26	Foreign exchange	27
Bond futures and options	28	Gilts prices	26
Bond prices and yields	26	London share service	28-29
Commodities prices	25	Managed funds service	30-31
Dividends announced, UK	24	Money markets	27
EMS currency rates	27	New intl bond issues	26
Eurobond prices	26	New York share service	34-35
Fixed interest indices	26	Recent issues, UK	32
FT-A World Indices	Back Page	Short-term int rates	27
FT Gold Mines Index	32	US interest rates	28
FT/ISMA intl bond svc	26	World Stock Markets	33

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Gerry Weber	575	+	10
Koll Rhein	510	+	15
Falls			
Gerresheimer	242	–	14
Puma Vz	347	–	18.5
Rosenthal	203	–	8.5
Volkswagen	388.5	–	8.5
NEW YORK ($)			
Rises			
Clark Equip	53⅝	+	⅜
Luxottica ADR	32⅝	+	1
Falls			
America Online	83¼	–	2
Bk Of Boston	27½	–	1
Harley-Davidson	23⅝	–	3
Telefonos ADR	25⅞	–	⅛
LONDON (Pence)			
Rises			
British Vita	234	+	22
Lucas	187	+	8
Nthumbrian Wtr	870	+	128
Relyon	280	+	23
Falls			
BAT Inds	420½	–	11½
Cont Foods	69	–	8
TORONTO (C$)			
Rises			
Maple Leaf Food	14½	+	1⅝
Potash	54	+	4
Softkey Sftwre	38	+	1¾
Falls			
Amer Sensors	10⅝	–	1⅛
Dundee Bancp	9¾	–	1¼
Economic Inv	59	–	2½

PARIS (FFr)			
Falls			
Alcatel Alsthom	404	–	8
DMC	285	–	17
Peugeot	674	–	18
Promodes	935	–	15
Schneider	355	–	10.2
Total	288.7	–	10.8
TOKYO (Yen)			
Rises			
Hino Motors	774	+	14
Isuzu Motors	435	+	9
Nissan Motor	693	+	9
Falls			
Hitachi	874	–	14
Ind Bk Japan	2380	–	40
Sakura Bank	1150	–	20
HONG KONG (HK$)			
Rises			
Wing On	13.9	+	0.4
Falls			
Dah Sing Fin	14.3	–	1.0
Sun Hung Kai	50.5	–	1.0
Swire Pacific	51.5	–	0.7
Television Brd	28.1	–	0.9
Vtech	7.5	–	0.7
BANGKOK (Baht)			
Rises			
Intl Cosmetics	386	+	14
Unique Gas	158	+	12
Falls			
Dhana Siam	212	–	16
Multi-Credit	284	–	18
TPI Polene	187	–	18
United Comm	330	–	18

New York & Toronto prices at 12.30.

Volvo to take full control of VME

By Christopher Brown-Humes in Stockholm and Andrew Baxter in London

Volvo, the Swedish motor manufacturer, said yesterday it would take full control of VME, the world's fourth largest construction and earthmoving equipment maker, by buying out Clark Equipment, its US partner, for $573m.

The deal is one of the most important this decade in the $30bn construction and earthmoving equipment industry and could herald a new wave of consolidation as it emerges from recession. It is also Volvo's biggest acquisition since it abandoned plans to merge with Renault of France in 1993 and chose to focus on its automotive businesses.

VME was formed in 1985 when Volvo and Clark joined their construction equipment businesses. With a global market share of 5 per cent, according to recent estimates by Merrill Lynch, it vies with Deere for third place in an industry led by Caterpillar of the US and Komatsu of Japan.

Yesterday's announcement means Clark has abandoned plans announced in late January *to float its 50 per cent stake in* VME in a $700m initial public offering in the US and Europe.

Clark's decision to sell its stake is seen as an opportunistic move that reflected a turnround at VME, *which was forced to cut its* workforce from about 10,400 in 1990 to 6,900 during the recession.

VME, based *in Brussels, lifted* net profits from $30m in 1993 to $132.1m last year, as sales rose from $1.24bn to $1.56bn. In 1992, it had a net loss of $94m.

Mr Sten Langenius, chairman-designate of VME, said Volvo had discussed buying Clark's stake before the share offer was announced, implying the two had failed to agree on price.

Yesterday Mr David Hay, managing director for mergers and acquisitions at Merrill Lynch International, said Volvo had *topped what Clark would have* received in a public offering. Merrill has been advising Volvo on the deal.

The Swedish carmaker will fund the deal from its cash resources, which piled up during a SKr40bn ($5.5bn) programme to sell off non-core businesses.

Mr Langenius said most VME vehicles already carried Volvo's trademark and were supplied with Volvo diesel engines. "We also foresee synergies in such fields as diesel technology, customer segments, logistics and after-sales," he said, stressing VME's strategic importance to Volvo.

Mr Tuve Johannesson, VME's president and chief executive, *said the deal would end a period* of uncertainty about the ownership of the company.

VME has nine manufacturing plants in Sweden, Germany, the US, Canada and Brazil. Western Europe accounts for 55 per cent of sales, and North America for 26 per cent.

John Ridding and Peggy Hollinger look at Lyonnaise des Eaux in north-east England

French cast bread on Northumbrian Water

Bid fever appears to be spreading in north-east England. Just days before investors decide on whether to sell *Northern Electric, the* region's electricity distributor, to the engineering group, Trafalgar House, Lyonnaise des Eaux of France has declared an interest in acquiring its own north-east utility, Northumbrian Water.

The bid represents the first hostile bid for one of the 10 privatised English and Welsh water and sewerage groups. It comes nine weeks after the expiry of the British government's golden share in the companies – *introduced at privatisation in 1989 to* protect them from predators.

It may also herald a broader *assault on the British water* industry by Lyonnaise des Eaux and its compatriots, Générale des *Eaux and Bouygues.*

Britain's water sector, which has lain stagnant for several months while attention focused on the electricity companies, was yesterday bubbling over with takeover speculation. Shares soared after the Lyonnaise announcement.

The circumstances surrounding Lyonnaise's interest in Northumbrian, however, are unique. Lyonnaise is already a substantial supplier of clean water to the region through North East Water, which it created through the merger of small water-only companies – Newcastle & Gateshead and Sunderland & South Shields – it acquired in 1989.

Northumbrian and North East Water already work closely together, sharing activities such as billing. However, there is substantial industrial logic in a closer alliance, as even Northumbrian admits. Indeed, both companies discussed takeover possibilities, among other things, over Christmas. These included North*umbrian's purchase of North* East Water, which it had wanted to buy as early at 1989, or Lyonnaise's *acquisition of* Northumbrian. The talks broke down, Northumbrian says, over price.

But before Lyonnaise can even think about pursuing its interest, it must clear a number of hurdles. Northumbrian's frosty response is the most obvious one. The offer must also pass a battery of regulatory obstacles. Under UK law, all bids for and mergers of water companies with assets of more than £30m ($47.7m) must be referred to the *Monopolies and Mergers Commission.* A bid would also be subject to European Union competition *regulation.*

The French group has already discussed its offer with the Department of Trade and Industry. The DTI is in discussions with the European Commission over dividing the responsibilities of a takeover review. The initial indication is that regulation will be dealt with by the MMC and competition by the EU.

Lyonnaise is expected to have little difficulty in satisfying the regulators. Indeed, the UK regulator is likely to view a takeover by Lyonnaise with some favour, *as long as customers* benefit. In the summer price review, Northumbrian was *cited as one of the least efficient* companies, while those run by Lyonnaise were among the more *efficient.*

Lyonnaise says it is prepared for the complex approval process, which could take up to three *months. With such considerations* in mind, Lyonnaise says it will not decide the size and *details of its cash offer until such* hurdles have been overcome.

Lyonnaise des Eaux and its *French counterparts* are no stranger to controversy in the water industry in England and Wales. Their early forays, in which French groups bought 12 of the 29 private statutory water companies, prompted concern of widespread takeovers. "Eau La La" was how one newspaper described the moves at the time.

In *spite of regulatory* obstacles and the sensitivity of the move, however, Lyonnaise *appears determined to pursue its* quarry and is confident of success. "It is an excellent fit in *terms of geography and its activities,"* says Mr Jacques Petry, president of the French company's international water division.

Apart from Lyonnaise's plan to merge Northumbrian with North East Water, prompting cost savings and efficiency gains, the two companies already have a number of common water sources. North East Water supplies drinking water under contract in part of Northumbrian's region, while Northumbrian provides sewerage to almost all the customers of North East Water.

The proposed merger would *supply about 800m litres of* treated water a day to a population of about 2.5m. If it bid for and won *Northumbrian, Lyonnaise* would supply and treat all the water in north-east England, with the exception of Hartlepool, which covers just 90 sq miles.

"The enlarged UK group will be a major industrial force in the region and one of the largest water companies in the UK," says Mr Philippe Brongniart, the French group's executive vice-president.

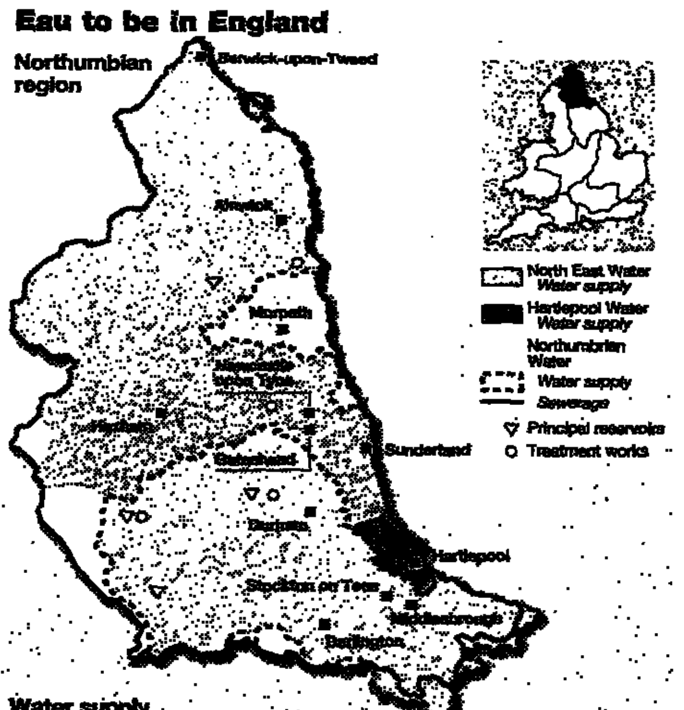
Lyonnaise des Eaux says the benefits of the merger will form a central plank of its case with the regulatory authorities.

Given the cold shoulder from the Northumberland board and the *possibility of rival suitors* or white knights, the offer would have to be substantially in excess of the £506m at which Northumbrian was valued at the close of trading on Friday night. This much was clear from the fact that Northumbrian's shares jumped by 128p to 870p.

Générale des Eaux, the biggest French water group and the principal rival of Lyonnaise, will be *watching the bid* with great attention. So too will Bouygues, the construction group which *operates UK water services businesses* through its Saur subsidiary. "If you look at what happened in 1988-90 then they all moved in together," says one French merchant banker. "Maybe a second wave could break."

Lex, Page 16;
Background, Page 24

Eau to be in England



Water supply

Company	Households	Population	Area (Sq km)
Hartlepool Water	35,000	92,000	90
North East Water	530,000	1,318,000	5,143
Northumbrian Water	459,000	1,200,000	3,850
TOTAL	1,024,000	2,610,000	9,083

Source: Water Services Association, Waterfacts 1994

Restructure plan at Spie Batignolles after losses on property

By Andrew Jack in Paris

Spie Batignolles, the quoted *construction* and civil engineering company controlled by Groupe Schneider, yesterday warned of substantial additional losses in 1994 as a result of the continued depression in the French property market.

The company, which is 59 per *cent owned by Schneider,* the electrical engineering group, also confirmed it was in advanced discussions for a financial restructuring to be unveiled next month. This could *lead to* Spie's acquiring Schneider in a reverse takeover.

The details of additional losses make Spie the latest casualty in a renewed round of property provisions in French companies' 1994 results, including those of Suez, which last week announced provisions of FFr7.6bn ($1.48bn) dragging it into a loss of FFr4.7bn.

Spie said yesterday that during the process of finalising its 1994 *accounts, it had* concluded there would need to be "substantial additional provisions".

The *new provisions* were caused by poor performance in the property market during the second half of last year and no sign of any upturn in the coming *months,* as well as slower returns on older contracts.

Spie said the final additional *total* had yet to be *determined* but estimates suggest that the net value of its assets would be less than its capitalisation on the bourse over the last few weeks.

In 1993 Spie had FFr6bn in gross property assets and reported a net loss of FFr215m.

The company said the takeover of Schneider, as described in Le *Monde* at the weekend, was "a possibility" being considered among a range of "many hypotheses" designed to tackle its financial difficulties.

It said no decision had been *taken* and any conclusion would be made in conjunction with executives from Schneider at a board meeting *likely to be held* next month.

Spie said that as a result of the *restructuring it would have the* level of capital "compatible with operational activities", which it *said* were all *showing* positive results. Spie shares closed 90 centimes lower at FFr180.60, having shot up to FFr196.50 earlier yesterday on the newspaper report.

Hillsdown to accept bid for Maple Leaf Foods holding

By Bernard Simon in Toronto and *David Blackwell in London*

Hillsdown Holdings, the UK *conglomerate,* is ending its eight-year involvement in the North American food processing industry by tentatively agreeing to sell its 56 per cent stake in Toronto-based *Maple Leaf Foods.*

Hillsdown would receive a maximum of C$680m (US$486m) cash under *the offer made by a* private company owned by Mr Wallace McCain, who was ousted *last year* as *co-chief* executive of his family's frozen foods empire, with the backing of Ontario's teachers' pension fund.

But Hillsdown could end up owning as much as 10 per cent of a new company, depending on minority shareholders' response to a cash-and-share *offer* by Mr McCain and the pension fund. Hillsdown will receive a minimum of C$623m cash. Shares in *Hillsdown rose 6p to* 182p.

Sir John Nott, Hillsdown chairman, said that even at the minimum cash level, the effect of the deal would be broadly neutral on earnings. At the same time, the group would be left with a strong balance sheet that would enable it to seize opportunities in Europe. The group, however, remained open to higher bids. "*We are looking at this as a floor* price – we are now open to better offers," Sir John said.

Forecast pre-tax profits for Hillsdown, due to report its annual results on Thursday, are about £170m ($270m).

The disposal would effectively cut gearing, *which stood at* 34.5 per cent at the end of 1993, to below 10 per cent.

Hillsdown's stake in Maple Leaf Foods dates from its acquisition of a Canadian flour miller in 1987 followed by its acquisition of a controlling stake in Canada Packers three years later. The UK company originally intended Maple Leaf Foods, which has annual revenues of more than C$3bn, to be a springboard for expansion into the US. But since the departure of Sir Harry Solomon *as chief executive in 1993,* Hillsdown's focus has shifted more to Europe. Flat earnings *and a sharp fall in the Canadian* dollar has limited Maple Leaf's contribution to Hillsdown.

A maximum of C$1.06bn in cash will be available to Maple *Leaf* shareholders, excluding Mr McCain and the Ontario pension fund, which have built up a 6 per *cent stake in the company.* About C$760m of the cash will be provided by Toronto-Dominion Bank in the form of senior debt, with the rest contributed equally by Mr McCain and the pension fund.

BAe cuts its borrowing costs

By Bernard Gray, Defence Correspondent, in London

British Aerospace is refinancing *its banking* facilities for the second time in two years to cut its borrowing costs and increase the company's *flexibility.*

BAe is raising a £1bn revolving banking facility at an interest rate of ¼ of a percentage *point* over the benchmark Libor rate, replacing its existing £1bn facility which pays ⅜ of a percentage *point over Libor.*

The same group of up to 30 banks is providing the five-year finance. *They are led by the four* largest UK clearing banks – Barclays, National Westminster, Lloyds and Midland – and J.P. Morgan of the US.

The lower interest rate reflects *the improvement in BAe's financial* position and a more competitive banking market since the *time of the last financing* 18 months ago.

BAe has changed the facility's terms to enable it to take advantage of other financing opportunities. In future, the company's ability to draw on the facility will *be limited by its net debt rather* than its gross borrowings.

BAe traditionally carries a large debt to *finance its* long-term production facilities, which is partly offset by cash balances. At the end of 1994, for example, it had £1.4bn of gross debt, but once cash was added back it had an overall net cash *holding of £80m.*

Until now its ability to draw on the bank facility had been lim*ited by the size of the company's* gross borrowings. Now it will be able to set its cash holdings *against that figure.*

The greater flexibility will, for example, allow BAe to raise more money from the long-term *bond* markets than it could have done previously. BAe has also chosen to repay some debts early from cash in recent years to limit its gross debt exposure, incurring early repayment charges. It will *no longer need to do this unless* interest rates make it advantageous to do so.

BAe's previous refinancing removed constraints which allowed it to shrink its balance sheet and sell Rover to BMW in 1994. However, it is *not thought* that the new move is a prelude to another large deal.

■ SUPERVISION

Labour keeps up attack on role of board

By Peter Martin

The Board of Banking Supervision, which will be carrying out the investigation into the Barings collapse, was initially criticised as potentially "a cosy club of governor appointees" by Mr Anthony Nelson, now the Treasury minister responsible for the City.

The decision by Mr Kenneth Clarke, chancellor of the exchequer, to refer the Barings crash to the board continues to be attacked by the Labour party.

"We want an independent, not an in-house, inquiry," said Mr Alistair Darling, Labour's City spokesman, yesterday. Mr Clarke reiterated that the board's inquiry would be independent.

When the House of Commons debated the creation of the board, Mr Nelson raised a series of questions about whether it would be independent enough. In November 1986, speaking on the second reading of what was to become the Banking Act 1987, he said: "I question whether we are involved in the cosmetic exercise of setting up a supervisory board to persuade people that something is happening but, in the end, it will be business as usual."

The bill was subsequently amended to increase the number of independent members to six, out of a total membership of nine, but Mr Nelson still queried the effectiveness of the board. At the bill's report stage, he asked for assurances that the board would be "not a cosy luncheon club but an effective watchdog body".

Mr Nelson said yesterday: "I have absolute confidence that the board will be able to fulfil the task the chancellor has set it."

The 1987 Act was passed in the wake of the Johnson Matthey Bankers crisis of 1984, which led to strong criticism of the Bank of England's supervision of deposit-taking institutions.

The board's basic function is to advise the senior officials of the Bank of England on how it is exercising its supervisory powers, either in general or in specific cases. The Banking Act does not specifically cast it as an investigative body.

During the Banking Act debate, Mr Nelson expressed concern that the board might be too dominated by figures from the banking sector. "One needs experts," he said. "However, one needs a lay element, a commonsense element, to provide some input."

The board's members are: Mr Eddie George (Governor of the Bank of England); Mr Rupert Pennant-Rea (Deputy Governor); Mr Brian Quinn (the Bank's executive director in charge of banking supervision); Sir Alan Hardcastle (chairman of the Lloyd's Regulatory Board and a former head of the government's accountancy service); Mr Peter Gerrard (former Stock Exchange general counsel); Mr Harry Taylor (former president of Manufacturers Hanover); Mr Jon Foulds (chairman of the Halifax Building Society); Lord Swaythling (chairman of Rothmans and a former chairman of Orion Bank); and Sir Dennis Weatherstone, former chairman of JP Morgan.

ING's successful stalking allows it to claw its way into new markets, writes **Haig Simonian**

The lion sleeps easier tonight

Going Dutch: Mr Cees Maas (left), chief negotiator for ING, and Mr Hessel Lindenbergh, who is to be the new chief executive of Barings

Ashley Ashwood

The logo of Internationale Nederlanden Group (ING), the Netherlands-based financial services company which has agreed to take over Barings, is a lion, usually portrayed in red.

But it is a much more cautious beast which spent the tail end of last week stalking Barings, finally reaching agreement in principle on a takeover late on Sunday night.

ING, formed in 1991 through the merger of Nationale Nederlanden, the country's biggest insurer, and NMB Postbank, the third biggest bank in the Netherlands, has traditionally had a reputation as a rather staid group – albeit one which has recently been moving with alacrity into emerging markets.

So Mr Aad Jacobs, ING's chairman, and the man behind the pursuit of Barings, faces a considerable challenge in merging the cultures of the two business.

On the face of it, Barings' entrepreneurial culture, based on corporate finance skills and highly paid, independent-minded bankers, could sit uneasily inside ING.

Mixing the two will be even more difficult because the Netherlands group is only gradually overcoming its own internal frictions, between its cautious insurers and more thrusting banking side.

Still, the Nationale Nederlander-NMB merger has given Mr Jacobs plenty of experience in developing corporate cultures. Although he was not chairman when the merger took place, it was under his leadership that the two sides learned to co-exist.

The result is one of Europe's biggest financial services groups, combining a strong position in insurance with a growing presence in international banking.

ING ranks as Europe's eighth-biggest bank by market capitalisation, based on NMB's traditional strength as a lender to small and medium-sized Dutch companies. In insurance, it is fifth.

However, ING's dominance of the relatively small Netherlands insurance market and its increasing role in domestic banking have forced it to look abroad for growth.

Western Europe has been largely shunned because of overcapacity and low margins in favour of less developed markets in South America and Asia, where growth rates and margins are higher.

More recently, these regions have been supplemented by parts of southern and eastern Europe.

ING's strategy has been to start from scratch, using whichever of its two core businesses is most appropriate to the local territory as a platform for the rest of the group. In Australia, Japan and Greece, it used insurance to gain entry.

ING's insurance side is now among the leaders in all three countries, and its foothold is being used to open the door to banking services. In South America, by contrast, banking has led the way.

Perhaps auspiciously for the Barings takeover, Mr Jacobs already sees himself as a bridge between ING's cultures. In an interview last year, he described himself as an intermediary spanning the gap between the Rotterdam-based insurers and the bankers, housed appropriately in a curvaceous, avant-garde Amsterdam home.

Mr Jacobs' background has helped. Though a Nationale Nederlanden man at the merger, he says his experience dealing with banks and brokers while running the insurer's investment side gave him an insight into the world of banking.

That did not apply to all his colleagues. Some Nationale Nederlanden executives decried the bankers as being too "short-termist" and risk prone, he recalls. By contrast, senior NMB men dismissed their new colleagues for just the opposite reasons.

However, the merger has gone relatively well and ING is starting to reap the rewards of "bancassurance" – the unusual combination of banking and insurance in one group, where it is a European trend-setter.

Selling policies across bank counters has helped its insurance operation, which accounts for about two-thirds of group sales, to raise its share of the Netherlands life market by 1 per cent a year over the past two years. It now claims around a quarter of the market. The bank wrote almost 7 per cent of new life business in 1993 against only 1 per cent in 1991.

The merger has also reinforced the bank. It now offers a wider range of financial options to corporate clients by pooling its short-term lending resources with the longer-term investment funds of the insurer.

Mr Jacobs points to the purchase, and subsequent partial sale, of Ballast Nedam, the Dutch-based property group formerly owned by British Aerospace and now controlled by Hochtief, as an example of the formula working at its best. In that deal, ING's two sides co-operated closely to create a complex financial package for the client.

However, the merger has not overcome all its teething troubles. While the bank is increasing its sales of life policies, which are similar to its traditional savings products, more complex non-life lines are proving more difficult for non-specialists to peddle.

And the relocation of ING's top group executives from the bank's headquarters to a non-descript glass tower on the outskirts of Amsterdam hints at continuing rivalry between the two businesses.

Still, the task of integrating Barings should be helped by the fact that the British bank is strong in fields where ING is weakest.

ING has expanded fast in emerging markets banking, but still lacks the trading and research franchise for which Barings is highly regarded. Similarly, in corporate finance, ING has yet to gain the international clout which its financial muscle might suggest, being limited largely to the Netherlands.

Adding Barings' expertise in privatisations and mergers and acquisitions would plug a gaping hole. ING is already a sizeable player in fund management, thanks to the huge premiums inflows from its policy-holders.

Baring Asset Management will extend its reach into third-party fund management.

Furthermore, to compete for global business, ING needs a stronger presence in London.

Last October as a first step in this direction it set up a new operation in the city called ING (UK) Capital which shares a trading book with a similar entity in New York.

Integration may also be helped by ING's announcement that the three main Barings businesses will report individually to the relevant executive committees of ING – a move which reflects the operational independence the group generally gives its units.

Mr Jacobs and his colleagues appreciate ING's shortcomings and the group had been considering an acquisition to beef up its securities and corporate finance activities for some time.

A big New York or London house was excluded because it would be too expensive and hard to digest.

But Mr Jacobs acknowledged last year that a smaller, well regarded player would make an ideal mouthful. The drawback, he said, was the cost: ING would not pay fancy prices to get into investment banking.

Although not given to easy humour, Mr Jacobs joked at the time about the legendary tight-fistedness of the Dutch, and admitted that ING would be unlikely to find a takeover target that could meet his tough criteria – it would probably have to build up its securities and corporate finance skills internally instead.

But that was last July, well before the collapse of Barings gave ING a tempting glimpse of wounded prey.

■ SINGAPORE EXCHANGE – By Nikki Tait in Singapore and Nicholas Denton in London

Barings calmed Simex fears on February 8

Officials of Simex, the Singapore exchange, told Mr Tony Hawes, Barings group treasurer, on February 8 of their concerns about positions built up by Baring Futures (Singapore), the derivatives operation run by Mr Nick Leeson.

At the time of the meeting in Singapore, however, Baring Futures had substantial long positions in futures on the Nikkei 225 index – Mr Leeson was betting on a rise in the Japanese stock market.

In January and February, Barings provided Baring Futures with about £580m to finance margin calls on the long positions, which declined in value as the Japanese market fell.

But from January 26 until the end of last month when Barings collapsed, senior management in charge of risk were being told that the Simex positions were not long, but short.

A member of the asset and liability committee (Alco) on which Mr Hawes also sat, said it was told that Mr Leeson was operating a perfectly matched trading book. He was, Alco was informed, arbitraging between the Osaka Stock Exchange and Simex markets for Nikkei futures, to take advantage of small price differences between the exchanges. Alco was given to understand that Baring Futures was long in Osaka and short to the same amount in Singapore. A participant in the meeting between Mr Hawes and Simex said the conversation centred on the size of the positions rather than whether they were long or short.

He said Simex focused on how Barings would meet its advance payments, which depended on the size of the futures position, rather than the margin calls, which increased as the contracts lost value.

Barings executives said they expected that the inquiry into the collapse of the bank would focus on the apparent contradiction between the true positions in Singapore and the information presented to Alco.

Confirmation of Mr Hawes's meeting with Simex officials came in a letter from Barings to Simex officials on February 10, which put in writing the group treasurer's verbal assurances. Lawyers for Simex said yesterday that they now knew this letter had been cleared in London.

Barings stated in the letter that it would monitor its Baring Futures (Singapore) unit every day. It indicated that there was no risk of the Singapore unit failing as it was dealing with Baring group units.

It said immediate action would be taken if the situation deteriorated and gave assurances that more funds would be made available if necessary to support Baring Futures.

At the meeting, Mr Hawes had told Simex that Baring was aware of Baring Futures' commitments to Simex. He said the bank had credit facilities in place to accommodate these.

Mr Hawes also said that the bank was aware of all open positions held by BFS. Finally, he assured regulators that Barings would write to the exchange to put these assurances on paper. However, he did not inform them of the conclusions of the January 26 meeting of the asset and liability committee in London, which had determined that Mr Leeson should "be advised that positions should not be increased and where possible reduced".

■ BONUSES

Payouts promised to keep staff loyalty

By Nicholas Denton and Norma Cohen

Barings' employees will receive 1994 bonuses which will cost ING Group some £90m to £95m – but the payouts will not benefit Mr Nick Leeson, the Barings trader who allegedly brought down the bank, and certain senior executives.

Six executive directors on the board of Barings plc, the defunct holding company of the group, have waived their payments. They include Mr Peter Baring, chairman, Mr Andrew Tuckey, deputy chairman and Mr Peter Norris, head of investment banking.

ING said there were other employees who risked not getting bonuses, which were dependent on the results of the Bank of England's investigation into the collapse.

ING said bonuses would be distributed first to the most junior staff and most would be transferred by the end of the year. It was unclear whether the gesture would staunch criticism that managers were more concerned about their own bonuses than about the creditors of the bank.

"It would be quite wrong for anyone in the senior management in Barings to receive a single penny in bonuses while the bank lies in ruins around them," said Mr Alistair Darling, City spokesman of the Labour party.

Neither ING or ABN Amro, another Dutch bank which mounted a rival takeover bid over the weekend, have complained about Barings executives' preoccupation with remuneration. ABN Amro was prepared to pay bonuses for 1994 plus a token of goodwill for the year ahead. But one potential UK bidder said it had found bargaining with Barings executives early last week about bonuses "distasteful".

Barings executives argued that they had acted not in their own interests but of the staff and the business. Officials said there was never any question of a deal failing on the question of remuneration. Bonuses were a contractual obligation to many equity sales and other staff, they said, and the recipients were in effect creditors of Barings.

They argued too that employees had to be rewarded to keep them loyal. An executive at Baring Securities, the stockbroking and market-making business, said: "It is the price of saving the people – and the business."

One of the first actions of Barings executives, concerned about staff defections, was to inform them of the bonus arrangements agreed with ING. Mr Michael Baring, acting chairman of Baring Securities, told London-based employees that ING would "preserve" their bonuses.

At Baring Asset Management, bonuses to key employees will be staggered to ensure they remain with the group, according to Mr Peter Hartley, a managing director.

"It was imperative that ING agree to pay the bonuses in order to lock in staff," Mr Hartley said. Without that guarantee, the most marketable members of staff would have been likely to defect, taking clients with them.

■ NICK LEESON – By Nikki Tait in Singapore

Trader's faxed letter offered 'sincere apologies'

Nick Leeson, the futures trader at the centre of the Baring bank collapse, blamed extreme stress for his decision to leave Singapore on Thursday, February 23, the day before directors in London began to mount an ultimately-unsuccessful rescue effort for the bank.

In a handwritten letter faxed to his immediate superiors in the Barings Futures (Singapore) office on February 24, Mr Leeson offered "sincere apologies for the predicament that I have left you in".

"It was never my intention or aim for this to happen but the pressures, both business and personal, have become too much to bear and after receiving medical advice have affected my health to the extent that a breakdown is imminent."

He said that, in the light of his actions, he was tendering his resignation immediately, and promised to make contact early in the following week "to discuss the best course of action".

The letter, printed in a Singapore newspaper yesterday, was written in an even but slightly florid script. It was faxed from the Regent Hotel in Kuala Lumpur, where Mr Leeson is known to have spent Thursday night before moving to a resort in north Malaysia.

The letter was marked for the attention of Mr Simon Jones, a director of BFS, and Mr James Bax, who headed Barings' securities operations in Singapore.

Breakdown was 'imminent'

Mr Jones' lawyer – apparently surprised at its release – confirmed that the letter was authentic.

In Singapore, the Baring Brothers office was open for business yesterday, although no one had yet taken over use of the BFS facilities on the Simex floor. The desks remained forlornly empty amid the trading hubbub.

■ EXTRADITION – By Jimmy Burns

UK 'must make a strong case'

A British lawyer is working on behalf of the Serious Fraud Office to have Mr Nick Leeson extradited to the United Kingdom, Germany's Supreme Court prosecutor, Mr Hans-Hermann Eckert, said yesterday.

However, Mr Eckert, speaking in Frankfurt, said that extradition to the UK would only be granted if a strong case was made against Mr Leeson for deceiving the bank.

"If (Leeson) only did what Barings wanted, then the British courts have no jurisdiction," Mr Eckert said.

The SFO refused to comment specifically on Mr Eckert's statement, although it repeated it did not believe it had sufficient grounds yet to press for extradition.

The SFO is understood to have announced last week that it was launching its inquiry into possible fraud at Barings because UK banking officials and police thought that Mr Leeson was about to be released by German police.

One of the SFO's senior police investigators, detective superintendent Jerry Ohlson, returned to the UK at the weekend from Frankfurt where he is thought to have told German authorities of the SFO's interest in questioning Mr Leeson.

The decision to send Mr Ohlson was taken at the highest level after the German prosecuting authorities had expressed doubts about documents initially presented by the Singapore government to back up its extradition claim against Mr Leeson.

The Singaporean authorities are expected to lodge further charges against Mr Leeson before he appears at the end of the week in front of an examining magistrate.

Mr Eckert said the grounds for the extradition to Singapore will be put to Mr Leeson at the hearing. Lawyers acting for Mr Leeson are expected to use the hearing to press for bail. "If he (Mr Lesson) said he was willing to go to Singapore it could happen at once, but he certainly won't do that because his aim is to get to England," Mr Eckert said.

Mr Leeson has been held since last Friday in a prison in Höchst, on the outskirts of Frankfurt, after being detained by airport police as he tried to make his way to London from the Far East.

Yesterday, after spending a weekend alone, Mr Leeson met Mr Eberhard Kempf, his German lawyer to discuss ways in which he might fight extradition to Singapore.

Mr Leeson told Mr Kempf that he wanted to receive prison visits only from his lawyers and his wife, Lisa.

A lawyer from Kingsley Napley, the London-based law firm, which specialises in white-collar crime cases, is expected to visit Mr Leeson today to discuss future legal moves, which could include his return to the UK. Three officers from Singapore's Commercial Affairs Department – the equivalent of the SFO – returned to Singapore from Frankfurt after presenting initial charges of fraud against Mr Leeson.

German lawyers acting for Mr Leeson described the initial charges as "not very believable", and said they expected that further charges would focus on an allegation of breach of trust – the withholding of information from the bank – which is an offence under German law.

German prison authorities said yesterday that Mr Leeson appeared to be "in good spirits". Mr Leeson has a radio and a TV in his cell and is allowed to visit the prison library but he has no access to a telephone. He is allowed an hour or two of free time in an enclosed park-like area and also has access to a sports field enclosed by a 20-foot-high concrete wall topped with barbed wire.

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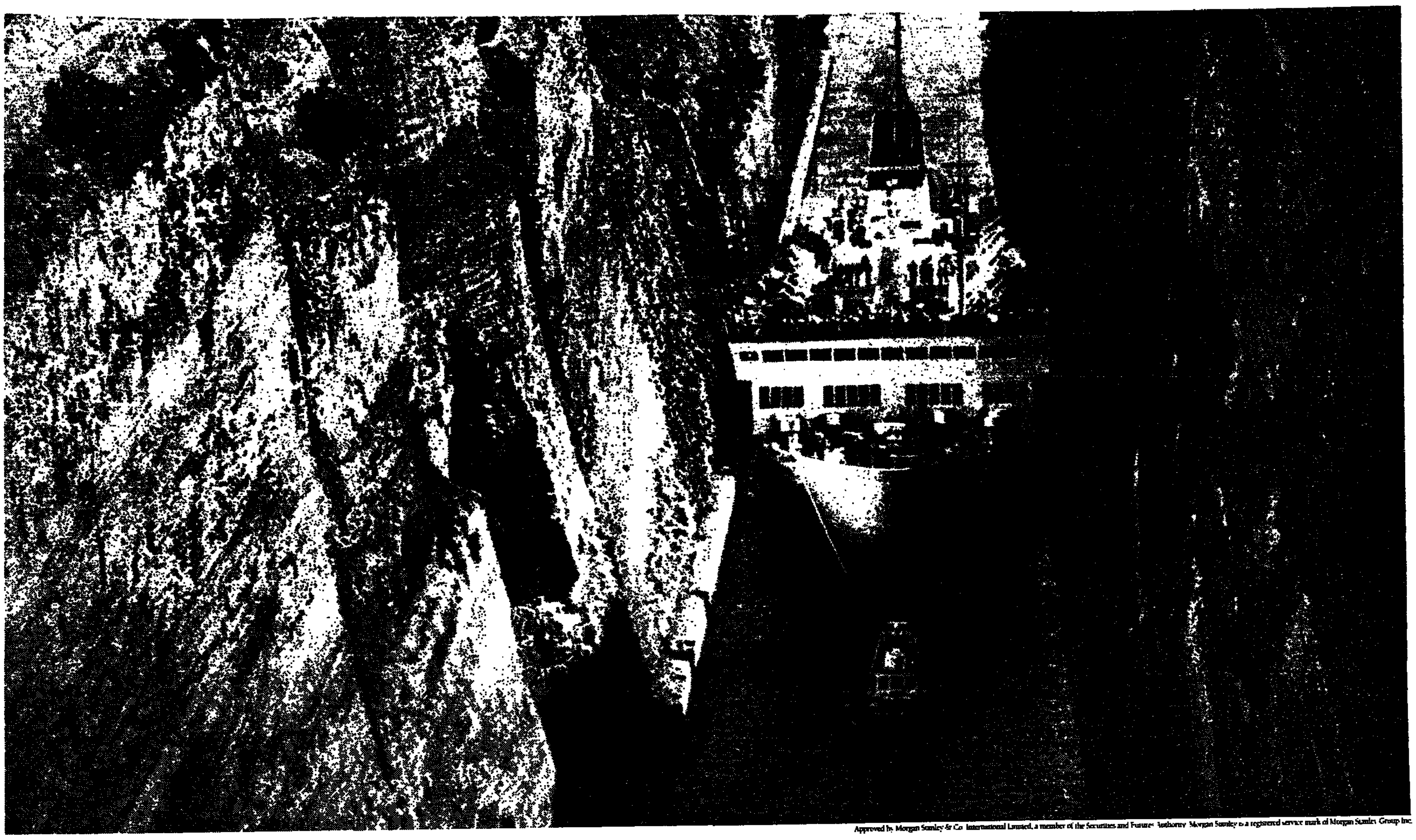

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Matif poised to gain direct access to UK market

By Andrew Jack in Paris

The UK Treasury is poised to approve plans that will give Matif, the French financial futures exchange, direct access to the UK market.

In an announcement expected today, the UK government will declare that it has no objections to the French market authorities offering their services within the country as a "recognised investment exchange".

Under the terms of the agreement reached with the French government, the London International Financial Futures Exchange will simultaneously be granted identical rights of access to the French market.

The decision marks a significant increase in the powers of access to foreign markets for financial exchanges in European Union states.

It is particularly important given the intense rivalry between the French and UK futures exchanges.

Once formal approval is granted, Matif will have the right to advertise its products in the UK, to market directly to trading houses within the country and to install trading screens so that its contracts can be bought and sold directly.

Matif's first move is likely to be to offer traders in London access to its Globex electronic trading system, which operates at all times outside normal operating hours of the "open outcry" Paris market.

Over time, Matif may also give access to UK-based institutions to the two products it is to offer later this year through electronic trading to the Deutsche Terminbörse, its counterpart in Frankfurt.

In theory, Liffe can offer the same services in France, although its commitment to trade in open outcry – which is incompatible with simultaneous electronic trades – may put it at a disadvantage.

The UK Treasury's decision follows a report into the proposal by the Office of Fair Trading published on December 23 last year, which concluded that there would be no significant anti-competitive effects.

Mutual recognition of exchanges between EU member states will become mandatory from next year, with the implementation of the investment services directive. However, many European exchanges still have to make substantial changes to their regulations before this can take place.

Mr Gérard Pfauwadel, chairman of Matif, was unavailable for comment yesterday. However, he said shortly after publication of the OFT report that it was a wonderful "Christmas gift".

Austrian Airlines expects return to black this year

Austrian Airlines expects to return to profit for 1995 after several years of losses, Mr Fritz Otti, the airline's chief financial officer, said yesterday, Reuter reports from Zurich.

The airline, which is 51 per cent state-owned, plans to boost turnover by 9 per cent in 1995 to Sch11.7bn ($1.2bn), he said.

Profits will also be boosted by continued restructuring measures.

The company on Friday reported that its pre-tax loss in 1994 was cut to Sch204.2m from Sch728.5m in the previous 12 months.

The airline is taking delivery of two Airbus A340s, the largest in its fleet and capable of carrying up to 440 passengers. It invested Sch2.4bn in the aircraft.

In co-operation with Delta Air Lines of the US and Swissair, Austria Airlines will fly to Washington. It will also fly in co-operation with China Air to Beijing.

Texasgulf sold by Elf Aquitaine for $810m

By John Ridding in Paris

Elf Aquitaine, the French oil group, yesterday announced that it had agreed to sell its Texasgulf phosphates business to the Potash Corporation of Saskatchewan for $810m.

The sale, which has been agreed with the Williams Companies of the US, Elf's partner in Texasgulf, reflects the French group's strategy of disposing of non-core businesses to reduce debts.

In a joint statement, Elf and Williams, an oil transport and telecommunications group, said the decision to sell the businesses to the Canadian company would result in a suspension of a planned public offering for Texasgulf.

The offering had been announced in January, when Mr Philippe Jaffré, Elf's chairman, said he was taking a FFr1.9bn ($377m) provision for Texasgulf in the accounts for 1994.

The write-down of Texasgulf, one of a series of provisions, contributed to a net loss of FFr5.4bn for 1994, the first deficit in Elf's history.

It also reflected the fall in value of the US company, acquired in 1981 for about FFr13bn. Elf subsequently integrated the oil activities of Texasgulf into its oil and gas division.

Texasgulf is one of the world's largest phosphates producers. It makes and sells solid and liquid fertilisers, animal feed supplements and purified phosphoric acid.

Phosphate fertilisers have seen a significant price improvement since the beginning of 1994, but the trend over recent years has been for a decline in demand.

Industry observers in Paris welcomed the sale. "It shows that Jaffré is delivering on his promise to raise cash and get debts down," said one oil industry analyst at a French merchant bank.

At the end of 1994, Elf's debts stood at FFr45bn, down from FFr53bn at the end of the previous year. At 47 per cent, however, the debt to equity ratio remains well above the industry average.

Control of San Paolo di Torino to change

By Andrew Hill in Milan

The charitable foundation which owns 74 per cent of Istituto Bancario San Paolo di Torino, one of Italy's largest banking groups, plans to give up majority control of its banking activities after more than four centuries in charge.

Gruppo Bancario San Paolo, the foundation's wholly owned subsidiary, said yesterday it would place "a significant further tranche" of its stake in the bank with Italian and foreign investors before the end of this year.

The privatisation of San Paolo di Torino should give further impetus to liberalisation of Italy's banking sector.

Statutes which prevent the foundation from reducing its stake in the bank below 51 per cent will be abolished, taking advantage of a law passed last year aimed at loosening the hold of public foundations over the banking sector.

Having formed a "stable nucleus" of shareholders in San Paolo di Torino, the foundation could offer further shares to the public during 1996, depending on market conditions. The core shareholding could amount to about 40 per cent of the bank's total capital, of which about a quarter would be in the hands of foreign institutions.

The bank also announced yesterday that it was seeking shareholders' authority to increase its nominal share capital from L7,429bn to L10,000bn ($6bn) if necessary, through an issue of convertible bonds.

The move would give San Paolo di Torino the flexibility to proceed with the merger with Banca Nazionale delle Communicazioni, which is controlled by Italy's state railway company, without having to ask shareholders. It would also allow the bank to raise money for shares in forthcoming privatisation issues, including the sale of Stet, the telecoms holding company, Enel, the electricity company, and Eni, the energy and chemicals group.

Since becoming Italian treasury minister in the Berlusconi government, Mr Lamberto Dini, now prime minister, has pressed for the foundations to sell more shares in the banks. The aim has been to reduce local political influence over the financial system and improve efficiency. Leading Italian industrialists and the Bank of Italy have also called for greater liberalisation.

In 1992, the San Paolo charitable foundation, founded in Turin in 1563, became one of the first foundations to take advantage of new rules allowing public institutions to float off their bank holdings, when it launched an international offer of shares.

Time running out for Olivetti's promises

Computer group is expected to report L500bn loss despite shake-up, writes Andrew Hill

It is never easy being the odd one out, as Olivetti, the Italian computer group, is just discovering.

Other big names of Italian industry are poised to demonstrate a strong recovery with their results for the 1994 calendar year. Olivetti, on the other hand, is expected to report a net loss for 1994 of about L500bn ($302m), slightly worse than in 1993, and will fail, albeit narrowly, to meet its own target of breaking even at operating profit level.

As the news has filtered out, the group's share price, which reached a peak of more than L3,000 during 1994, has slipped down to about L1,900, weighed down by some analysts' warnings that the shares could go as low as L1,600.

Yet last May, Mr Carlo De Benedetti, the group's chairman and, through other quoted companies, its dominant shareholder, forecast that Olivetti was poised to "reap the benefits of a sweeping structural reorganisation". What has gone wrong?

The group's results should be announced formally at the end of next month or beginning of May, later than usual because of the need to bring the accounts in line with new European standards. But in discreet briefings of investors and analysts the company has tried to get across the message that there are no fundamental problems.

Mr Corrado Passera, Olivetti's chief executive, is soldiering on with the 1993-1995 restructuring programme to which his boss referred, and is still on course to cut sales, general and administrative costs to less than 18 per cent of turnover this year.

Indeed, the group accelerated the restructuring during 1994, cutting staff by about 2,000, whereas the original plan was that redundancies would be offset by the hiring of new staff last year.

The group has also finally merged its services and systems divisions, which should help cut costs further.

That has pushed up extraordinary charges, a price Olivetti is willing to pay in return for greater efficiency. Added to interest payments on increased net debt, and an extraordinary trading loss of some L130bn on its investment portfolio, heralded when Olivetti announced its interim results in September, it is easy to see how the group has managed to lose L500bn at the bottom line.

What worries analysts more is the apparent erosion of Olivetti's market share and margins in the personal computer sector. The personal computer division accounts for about 20 per cent of the group's L9,000bn annual turnover, and in volume terms PC sales rose by almost 30 per cent last year. But income from PCs is still not enough to cover the commercial network and research and development expenditure, and the losses are unlikely to be reversed until 1996.

While market share by volume has dropped, the group is simultaneously moving into higher value, lower volume products, increasing its share of the higher end of the market. Analysts believe, however, that Olivetti misjudged the extent of last year's price decreases. It was an excusable error in a cut-throat market, but as Mr Brian Pearce of Dataquest, the technology research consultancy, points out: "Getting it right is what is sorting the men from the boys at the moment."

While it completes work on turning round the PC division, Olivetti suffers from the reputation of being a "jam tomorrow" stock, always promising exciting returns around the corner.

When the group's new Telemedia division, which brings together Olivetti's existing multimedia interests, was launched last year, the potential size of the worldwide information market was put at $3,000bn, but the division's turnover for 1994 was forecast to reach only L325bn. Similarly, although Olivetti has a 35.7 per cent stake in Omnitel Pronto Italia, the international consortium which will launch Italy's second digital mobile phone network later this year, it will take four years for Omnitel to break even.

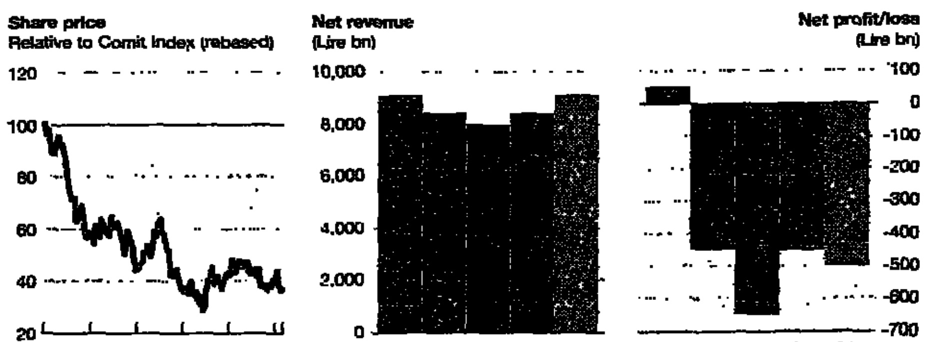
The combination of these factors has encouraged speculation – dismissed by Olivetti – that the group will have to return to the market with a rights issue in the next year or so, to ease the burden of debt.

Olivetti does have the flexibility to issue further paper: last year it received shareholders' authority for the issue of up to L2,000bn of bonds, and shares with a nominal value of up to L1,000bn, over five years. But within the last two years, the company has launched a L575bn convertible bond issue and a L902bn issue of shares and bonds, and further dilution of potential earnings would be poorly received.

The problem for investors is how and when to decide whether Olivetti's promises will be realised. The formal 1994 results are unlikely to add much to what is already known about the group's position. Some analysts believe Olivetti would be better seeking a partner to help develop its troublesome PC division, but in any case it will only become clear at the end of this year whether efforts to restructure the PC business are paying off.

Meanwhile, it looks as though the Italian group will have to ask for just a little more patience from its shareholders. After nearly five years without a dividend, this is a virtue which is beginning to look slightly worn.

Olivetti



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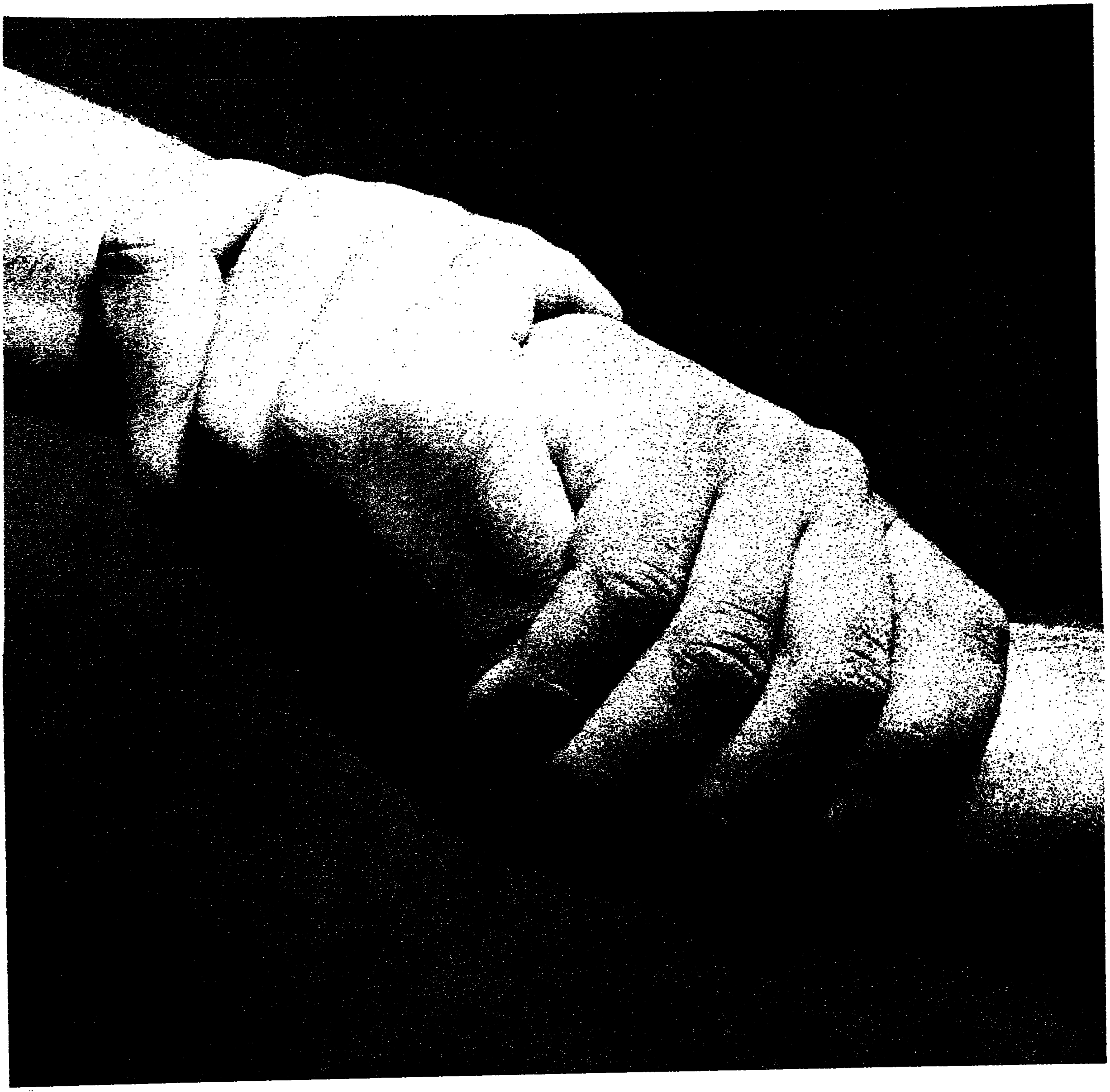

In difficult markets like these, what does a bond issuer look for in a lead manager?

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It is not, of course, simply a question of financial firepower and commitment. Success at this level, in these market conditions calls for sound judgement and experience, especially when the issuers in question are among the most sophisticated and demanding in the world. In these respects, the fact that UBS topped the 1994 league table for Sovereign and supranational issues speaks for itself.*

Capital strength, commitment and experience: three reasons why, when the times are tough and the outcome important, you are in safe hands with UBS.

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American Standard's lesson in stock control

The group has provided names like GE with something to imitate, writes **Tony Jackson**

In General Electric's latest annual report its chairman, Mr Jack Welch, lists companies from which the conglomerate learnt lessons last year. American Standard, the world's biggest maker of toilets, is cited as showing GE the benefits of "demand flow technology", under which all activities and workers not adding value to the organisation are eliminated.

Demand flow is not, perhaps, the most fortunate term from a maker of toilets. But American Standard is an unusual company. Founded in 1929, it was taken private in 1988 to escape a hostile bid from Black & Decker.

Last month, it returned to the public stage with a $270m initial flotation, valuing the company at about $1.5bn.

That might seem a meagre sum for a group with sales of $4.5bn and a dominant position in several markets around the world. American Standard has 30 per cent of the US market for commercial air conditioning. It is the biggest supplier of bathroom and kitchen ceramics in Europe and most of the east Asia. It claims 75 per cent of the European market for ABS vehicle braking systems.

However, as a result of the 1988 buy-out, the company is burdened with $2.1bn of debt. Last year it made a profit of $244m before interest and a loss of $15m after interest. It has negative net worth of about $400m. Such circumstances bring out the ingenuity of management. In American Standard's case, the result was demand flow technology.

The term is not easy to define. According to Mr Emmanuel Kampouris, chairman, it is "a holistic approach". Among other things, it requires a move from traditional batch manufacturing to flow manufacturing – hence the name – throughout the company.

It also involves a ruthless reduction of inventory and working capital. Mr Kampouris points with particular pride to the brake business in Leeds, England, where in the past four years sales have risen 44 per cent, the workforce has fallen 21 per cent and working capital has gone negative. Inventory turns – the number of times stock is turned over in a year – have risen from six to 38. As a result, half the factory is vacant, and the floor space has been painted red in celebration.

Inventory turns, a popular measure of efficiency among US managers, are something of an obsession at American Standard. The group's present figure is just under 10, while the target is 15 (at General Electric, the target is 10 and last year's figure under seven).

Some 1,000 senior staff receive their annual bonus purely on the basis of the year's inventory turns for the group.

The resulting rise in productivity, of capital as well as labour, is central to the group's profit projections.

Mr Kampouris says: "We don't accept any improvement in profit margin through pricing or economic growth. We plan three years ahead on the assumption of constant sales, and we want to see the margin improve throughout."

Yet some of the group's sales targets are ambitious. By the end of this year, in China – where it is already well established in the toilet market and hopes to make inroads in central heating – the company expects sales to be $300m a year. By the end of the decade, it predicts sales of $1bn.

According to Mr Fred Allardyce, chief financial officer, sales in the rest of the group will be rising sharply as well, with the brake business doing most of the running.

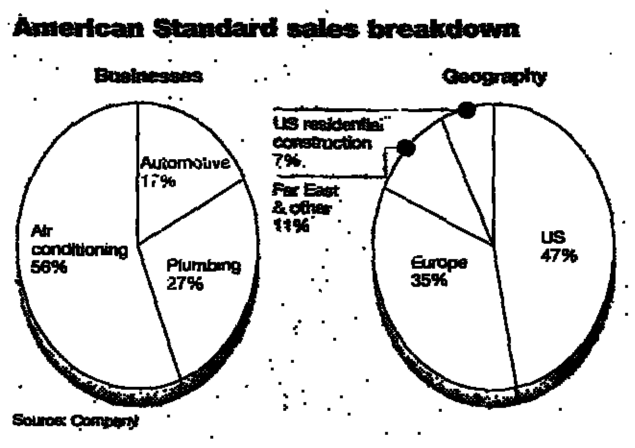
In the next two or three years, he says, sales growth will be in double digits; thereafter it will subside to 7-8 per cent, in line with the average between 1988 and 1994.

In addition, Chinese sales are currently not consolidated because American Standard operates through joint ventures. That will gradually change, so that by the year 2000 the full $1bn will be counted in. That will make for sales of between $7bn and $8bn, compared with $4.5bn today.

It would not do to get carried away with all this. The company's debt load is still formidable, and parts of its business are unprofitable even at the operating level. In addition, it is partly exposed to the economic cycle, particularly in the housing market.

As Mr Allardyce concedes, the worldwide roadshow to promote last month's flotation left some investors cold, particularly in conservative financial centres such as Edinburgh.

However, there is plainly something afoot. Notions like demand flow management are hard to assess, since every US manager can talk glibly of re-engineering and quality circles. But the highly professional managers of GE found something to imitate. That, at any rate, looks like honest advertisement.



Source: Company

Marriott to acquire 49% of Ritz-Carlton Hotel

By Richard Tomkins in New York

Marriott International, the US-based hotel operator, is planning to enter the luxury hotel business by acquiring a minority stake in the Atlanta-based Ritz-Carlton Hotel for a sum understood to be between $150m and $200m.

It said yesterday that it had joined a partnership formed by Thayer Capital Partners, a Washington-based private investment firm, to take a 49 per cent stake in Ritz-Carlton Hotel.

It expects the deal to close this spring.

The Ritz-Carlton Hotel manages 31 luxury hotels, most of which are in the US. It does not operate the Ritz hotels in London, Paris, Madrid, Barcelona or Lisbon, and is not allowed to operate hotels under the Ritz-Carlton name in cities where Ritz hotels already exist.

Marriott has nearly 900 hotels in the US and overseas but has not previously operated in the luxury sector.

It said it was putting up most of the cash for the initial 49 per cent stake in Ritz-Carlton Hotel and was negotiating an agreement that would allow it buy the balance of the company's equity later.

Ritz-Carlton Hotel is privately held and does not publish its financial results. Mr Frederic Malek, chairman of Thayer Capital Partners, said: "There is not a hotel chain in the world that does not have some hotels that are underperforming.

"On the positive side, the hotel industry is on an improving trend right now, and the merger . . . will provide impetus for that because of the strengths that Marriott International will bring to Ritz-Carlton."

World project finance for 1994 topped $17bn

By Graham Bowley

Worldwide project finance stood at more than $17bn last year, according to figures published by Project Finance International, part of IFR, the financial publishing group.

This is the first time total underwriting business in the project finance market has been measured as a whole, PFI said.

PFI said that recent turbulence in Mexican financial markets had cast a cloud over project finance initiatives in Latin America and other emerging markets, making their financing more problematic.

Mr Rod Morrison, editor at PFI, said: "A lot of project business related to bonds seems to have been put on hold for the time being."

However, "while bonds have been dropped for emerging market projects, banks are very keen to step in" and lend money directly at low levels of pricing, he said.

PFI's figures show that global lending business reached $13bn last year and was more evenly spread across the world than in 1993.

Project finance raised through the issuance of bonds and used mainly to refinance existing loans was valued at $4bn.

However, the use of bonds, which provide cheaper and longer term money, for financing purposes is increasing worldwide, although they are currently used more in the US than in Europe, PFI said.

The Asia-Pacific region accounted for $4.2bn of total project finance lending business, the Americas $2.9bn and Europe and the Middle East $6.5bn.

NEWS DIGEST

Lufthansa expects its first profit for five years

Lufthansa, the German airline in which the state holds a 35.7 per cent stake, has hinted that its healthy performance last year will mean a return to profit for the first time since 1990, writes Frederick Stedmann in Berlin.

At the International Tourism Fair in Berlin, board member Mr Hemj Klein said that passenger numbers in January were 8.5 per cent up on the same period the year previously.

Sales in January were up by 7.8 per cent. A 6 per cent increase in capacity utilisation is, according to Mr Klein, the highest increase recorded by any airline in Europe.

Furthermore, Lufthansa sources hinted that last year the effects of a drawn-out restructuring programme, which involved the reduction of the stake held by the German government, will translate into profits said to be in the region of DM350m ($245m).

The official results for 1994 will be presented in May.

Brazil may privatise Vale Do Rio Doce

Mr Jose Serra, Brazil's planning minister, said the government would carry out a study leading to the sale of Companhia Vale Do Rio Doce (CVRD), the state-owned mining group, Reuter reports from Brasilia.

Mr Serra added that the national privatisation council "decided to ask the planning ministry and the mines and energy ministry to ask the BNDES (Brazil's national development bank) to prepare a study for the privatisation of Vale".

● A strike by 2,500 workers yesterday, brought the port of Santos, South America's biggest, to a standstill, reports AP-DJ from São Paulo. The administration staff of the São Paulo state dock company, which runs the port, walked off their jobs to demand a 26.05 per cent wage rise.

The port, 45 miles south of São Paulo, handles 50,000 tons of cargo daily and loses $1.2bn in uncollected fees each day operations are halted.

Danish food processor doubles net income

Aarhus Olie, the Danish specialist producer of vegetable oils and fats for the food processing industry, almost doubled net profits to DKr60m ($10.5m) from DKr32m in 1993 after increasing pre-tax profits to DKr81m from DKr63m, writes Hilary Barnes in Copenhagen.

Sales were ahead at DKr2.91bn from DKr2.80bn. An unchanged 5 per cent dividend was proposed.

Last year was marked by strong demand for high quality oils and fats by European customers, said Aarhus Olie, although its US subsidiary, which produces cocoa butter substitutes for the US chocolate industry, had a difficult year. Investments which have been undertaken to increase capacity are expected to contribute to further growth in the current year, said the group.

Electrolux to buy stake in Indian group

Sweden's Electrolux said it planned to buy a majority holding in listed Indian white goods manufacturer Maharajah International of New Delhi, Reuter reports from Stockholm.

Electrolux said it would inject $13.3m for its 51 per cent stake. As part of the process, Electrolux said it sold its 12 per cent stake in Kelvinator of India.

Laurentian Bank 8% ahead in first quarter

Laurentian Bank, controlled by the big Dejardins financial services group, posted net profit of C$10.2m (US$7.29), or 49 cents a share, for the first quarter of fiscal 1995, up 8 per cent from C$9.4m, or 44 cents, a year earlier, writes Robert Gibbens in Montreal.

Fee income was up 16 per cent and loan losses were down 20 per cent. Total assets were C$10.5bn at January 31, little changed.

Strong progress by Finnish companies

Analysts expect Kymmene Oy, the Finnish forest firm, to report a FM1.04bn ($237m) profit after financial items for 1994, while Finnish metals and mining group Outokumpu is expected to report a FM953m profit after financial items for 1994, Reuter reports from Helsinki.

The forecasts for Kymmene, which is due to report on March 8, ranged from FM950m to FM1.15bn. In 1993, the company showed a FM256m loss after financial items. It said in January it would show a profit of about FM1bn after financial items for 1994.

Earnings per share for 1994 are seen rising to FM11.30 from a loss of FM3.89 in 1993; the forecasts ranged from FM9.80 to FM12.90.

For Outokumpu, which reports on March 9, the profit forecasts ranged from FM718m to FM1.09bn. In 1993, the company's profit after financial items was FM202m. According to the average forecast, Outokumpu's earnings per share were projected at FM7.33. Forecasts ranged from FM5.80 to FM8.60. Outokumpu's 1993 earnings per share were FM3.52.

Olivetti buys into multimedia consultant

Olivetti, the Italian computer company, announced yesterday that it has bought 40 per cent of ICEI Multimedia, an Italian multimedia consulting company, AP-DJ reports from Milan.

ICEI had sales of more than L56bn ($33.8m) in 1993. Olivetti said that the purchase was in line with its efforts to expand its multimedia business and was made through Elea, its consulting and training subsidiary.

Reebok cleared to establish two Indian ventures

By Mark Nicholson
in New Delhi

Reebok, the US sports shoe and apparel group, said yesterday it had won government approval to establish two companies in India. It will aim to create an important manufacturing base in the country, and to sell Reebok products locally through a new chain of sports shops.

Reebok Technical Services, a 100 per cent subsidiary, has been established to provide a design and manufacturing consultancy for Indian producers. The unit would turn India into a "major manufacturing base and sourcing centre" for Reebok International, according to Mr Muktesh Pant, Reebok managing director in India.

Mr Pant said the new company would expand Reebok's present Indian sourcing of sports shoes. Phoenix International, a diversified Indian trade and manufacturing group which already produces Reebok cricket shoes for export, is building a 21-acre plant at Noida, near New Delhi, with capacity for 6m shoes a year. Reebok is also planning to source shoes for export from a plant being built by Lakhani India.

Mr Pant said Indian producers had already exported 200,000 running shoes to the US under the Reebok name. He said the company envisaged eventual production of up to 20m pairs of shoes a year for export from Indian plants, mainly to markets in Europe and North America. The company was also evaluating possible Indian suppliers for clothing and sports equipment, he said.

The group has also formed Reebok India Company, a joint venture with Phoenix Overseas. It will hold 20 per cent of the new group, to market Reebok products through a planned chain of sports shops. Ten properties have been bought in big Indian cities, and Phoenix said it expected to open 55 showrooms by 1997.

Mr Pant said a 1 per cent share of India's market of 4m to 5m shoes a year would make it "one of the biggest Reebok operations outside the US or UK".

He said Reebok had not finalised the value of its equity participation in the two companies.

Testing time in battle for global telecoms links

NTT's tie-up with AT&T has deprived BT of a vital Japanese connection, writes **Michiyo Nakamoto**

The decision by NTT, Japan's dominant domestic telecommunications carrier, to link with WorldPartners, a global alliance headed by AT&T of the US, is a setback for the UK's British Telecommunications and its ambitions to build up a similar international alliance of operators.

NTT said last week it would test WorldPartners' Worldsource Virtual Network Service in Japan for six months, and act as a point of contact in the Japanese domestic telecoms market for WorldPartners' corporate customers.

While NTT was careful to emphasise the temporary nature of the agreement, the move has given AT&T and its WorldPartners alliance a significant edge over BT in the crucial Japanese telecoms market, the second largest in the world.

WorldPartners is an alliance of telecoms operators formed by AT&T, the US-based telecoms group; KDD, the Japanese international telecoms operator; and Singapore Telecom. It competes directly with Concert, a joint venture company set up by BT and MCI, another US carrier.

The aim of both ventures is to provide multinational corporations throughout the world with seamless telecoms services on a global scale.

Multinational corporations which sign up for one or the other service should be able to order and use global voice and data communications, have their services maintained, and pay their bills through one single point of contact.

The virtual private network services offered by telecoms groups are an alternative to a corporate private network, and provide corporate customers with a basket of telecommunications services at fixed rates. They are also considerably more flexible than private networks.

'We are taking the pragmatic approach that we must get on with our business' - Mr Peter Nelson, BT representative director in Japan

For example, a multinational company dealing with a VPN provider only can easily extend the network, rather than having to go to the various domestic and international carriers involved.

AT&T and BT, and their international partners, have been keen to build up their multinational business, which is expected to be one of the most lucrative sectors as the telecommunications needs of multinational corporations become greater and more complex.

In that context, access to the Japanese market is crucial. "Given the increasing demand for virtual private networks and the importance of the Japanese market, we view this agreement as a major advance in establishing seamless . . . linkages domestically, internationally and globally," Mr Simon Grieger, president of WorldPartners, said.

NTT's decision to test virtual private networks with WorldPartners and act as its domestic Japanese liaison gives the AT&T-led alliance not only a direct link to the huge Japanese market through NTT's long-distance and local networks, but also a powerful marketing position in a country where relationships are key to winning business.

BT, for its part, is putting a brave face on the latest turn of events.

"We are taking the pragmatic approach that we must get on with our own business," says Mr Peter Nelson, representative director of BT in Japan.

BT, which is in charge of marketing Concert services in Japan, had for several years been talking to NTT about joining hands in corporate telecommunications services. At one point a few years ago, it looked as though NTT would strike a deal with the BT camp.

BT has also been one step behind AT&T in winning the important link that would enable Concert to offer voice telephony services to its corporate users in Japan.

The Japanese telecoms regime restricts international call business to three national operators: KDD, ITJ and IDC. International carriers need to sign up with one of these three to offer voice telephony services to Japanese users.

AT&T invited KDD to join WorldPartners in May last year. BT is only just approaching an agreement with ITJ, in which it owns a 2.5 per cent stake.

Mr Nelson is convinced that NTT could still switch sides after the six-month trial period.

So far, only 10 carriers have signed up for WorldPartners, which has access points in 26 nations.

Concert has already signed corporate contracts worth $500m and another $1bn worth of contracts are being discussed. It has about 5,000 customer access points in 68 countries, whereas "WorldPartners does not have a global network in place which is key to the service", Mr Nelson points out.

"I really do think that NTT would like to have a working relationship with the leading consortium," he says.

Once BT finalises an agreement with ITJ on providing global corporate voice services in Japan, there should be no regulatory barriers to NTT acting as a point of contact in Japan for Concert, BT says.

Japan's international telephone traffic

Fiscal year	Millions of calls	Change on year (%)
1988	252.9	+34.3
1989	319.5	+26.3
1990	382.8	+19.7
1991	445.4	+16.4
1992	481.4	+8.1

Source: InfoCom Research

NTT, for its part, emphasises that its agreement with WorldPartners does not prevent it from signing similar deals with other carriers. It had agreed to a six-month trial period to see whether its customers really want such services.

Whether it stays with WorldPartners depends entirely on "whether or not this is useful for customers", NTT says.

Nevertheless, international trade issues, the Japanese government's telecommunications policy and this year's review of NTT's status will also have a bearing on which of the two global alliances secures NTT's hand.

Given Japan's uneasy trade relations with the US, it is safer for NTT to sign up with AT&T; some telecoms industry observers detect political motives behind the latest NTT move. The US government has sent strong signals that it is keen to help its telecoms companies penetrate the Japanese market.

At the same time, although NTT has agreed to co-operate with WorldPartners, the Japanese government's review of its status, beginning this spring, means the company could become a different kind of carrier, operating in markets distinct to those it is currently allowed to work in.

In the meantime, however, AT&T has won a powerful partner whose influence in Japan's promising market is unquestioned.

For BT, which will have to be content for the time being with a deal signed with one of NTT's subsidiaries, it will be a long and trying six months ahead.

Rise at Safren hides operating weakness

By Mark Suzman
in Johannesburg

Safren, the South African leisure and shipping group, has reported an 18.3 per cent rise in attributable profit, to R183.2m ($51.3m) from R154.8m, for the six months to the end of December.

However, the figure masked limited overall improvement, as turnover climbed only 8.1 per cent to R2.8bn from R2.59bn previously. Similarly, the rise in operating profits was also lacklustre; they were up 4.8 per cent to R480.4m from R458.3m. Slight reductions in interest paid, to R25m from R40m, and in tax, which dropped to R90.5m from R95.6m, helped improve bottom-line earnings.

Of the group's biggest divisions, shipping business Safmarine was the best performer, posting a 34.6 per cent advance in its contribution to group attributable profits, to R79m from R58.7m a year ago. Freight handling division Rennies also performed well, lifting attributable earnings 8.8 per cent to R28.6m from R25.6m.

Leisure and entertainment division Kersaf, however, was hit by industrial unrest in its Sun City resort, in Northwest province, which resulted in cancelled bookings. The Paradise Island resort in the Bahamas, which the group has been refurbishing, also incurred some losses.

The disruptions meant Kersaf's contribution to group earnings – which was further diluted by the company's issue of new shares to acquire an interest in the City Lodge hotel chain last year – rose just 8.8 per cent to R76.7m from R70.5m.

However, the balance sheet and cash position is healthy and continued improvement in earnings is expected for the rest of the year.

Southcorp maintains payout despite fall

By Bruce Jacques
in Sydney

Southcorp, the Australian packaging and wine group, is maintaining its interim dividend at 8.25 cents a share in spite of a dip in revenues and earnings for the six months to last December.

The company yesterday announced an 11.5 per cent decline in earnings, to A$61m (US$45.1m) from A$68.9m a year ago, and a 1.7 per cent fall in revenues to A$1.16bn from A$1.18bn.

Mr Graham Kraehe, managing director, said the profits fall reflected a change in accounting practice at the company's troubled US water heater division. The US operations incurred a A$9m loss for the period, compared with a A$8.9m loss a year earlier.

Packaging remained the mainstay of the company's earnings, with a small rise in pre-tax profit to A$57.5m from A$57.2m. The wine division lifted profits to A$38.1m from A$34.7m, while appliance earnings eased to A$30.8m from A$32m.

Mr Kraehe said restructuring of the US water heater business was continuing, but losses had persisted.

He said the appliance division would benefit from the acquisition last year of the Australian operations of the US-based Hoover group. This had doubled the company's share of the Australian white goods market to about 40 per cent.

"The company's strong balance sheet will be used to finance acquisitions with an emphasis on US and Asian packaging opportunities," he said.

The result followed tax provision of A$39.3m, compared with A$33.3m previously, and depreciation of A$55.3m against A$53.6m. Interest expenses eased to A$18.4m from A$19.7m.

● F. H. Faulding, the Australian pharmaceuticals company, has raised its interim dividend to 9 cents from 8 cents a share following a 1.7 per cent increase in net earnings to A$18m from A$17.7m in the six months to December.

Revenues rose 3.6 per cent to A$686.5m from A$662.8m.

Solid growth at Keppel Group's shipping arm

Steamers Maritime Holdings, the shipping arm of Singapore's Keppel Group, yesterday reported a 60 per cent advance in 1994 net profit, to S$9.1m (US$6.3m) from S$5.77m a year ago, AP-DJ reports from Singapore. Turnover rose 8 per cent to S$100.6m from S$92.8m.

It attributed the higher sales and profits to improvement at telecom subsidiary Folec Communications, and to new shipping charters.

The company said it would continue to invest in new container vessels for charter, and upgrade its existing fleet.

In telecommunications, it is bidding for a second cellular mobile telephone and paging licence.

Korea Mobile soars on boost in subscribers

Net profits at Korea Mobile Telecom, South Korea's monopoly cellular telephone service, have surged 67 per cent to Won128.7bn ($100.2m) for 1994, writes John Burton in Seoul.

Sales jumped 83 per cent to Won782.9bn, as the number of mobile telephone subscribers more than doubled last year to almost 1m. Meanwhile, turnover from its paging service rose 51 per cent.

KMT is seeking a listing on the London Stock Exchange later this month by issuing $150m in global depositary receipts.

The funds will be used for a Won300bn investment programme to expand services.

Buoyant demand seen in US and Europe for friction materials

New-look BBA back in black

By Tim Burt

BBA Group, the engineering and motor components company, yesterday revealed the benefits of restructuring by announcing a return to profit and a higher-than-expected dividend.

The group, which cut 2,000 jobs and sold businesses with sales of £130m last year, said it was ready to make a sizeable acquisition after transforming losses of £14.5m into pre-tax profits of £63.9m ($102m) in 1994.

"It has been a pivotal year for BBA and we are now moving from rationalisation into acquisition mode," said Mr Roberto Quarta, the chief executive recruited from BTR 16 months ago to overhaul the group. Under his stewardship, it has spent £43.4m of last year's £72.1m rationalisation provisions to cover plant closures and redundancies.

Mr Quarta also hinted at further disposals and stated that the company was committed to four areas: automotive friction materials, aviation services, non-woven textiles and specialist electrical equipment. "There's no place in this company for businesses which do not have critical mass or a strong presence in specialist markets."

The group is thought to regard its aviation components business and its automotive brakes and clutch operations as ripe for disposal.

Mr Quarta, however, effectively ruled out an outright sale of Automotive Products, the motor components subsidiary, by pointing out that buoyant demand in North America and continental Europe had made it the leading European supplier of friction materials.

Sales in such areas helped lift operating profits from £91.1m to £103.8m. The improvement would have been still healthier had the group not spent £13.1m to settle a long-running patent infringement case in North America and incurred a £7.3m loss on disposals.

Even so, funds raised by the divestment programme helped reduce net borrowings from £166.4m to £49.5m, equivalent to gearing of 12 per cent.

Although group turnover fell from £1.42bn to £1.38bn – including £152m from discontinued operations – operating margins rose from 6.4 to 7.5 per cent, and came close to Mr Quarta's 10 per cent target by reaching 9.4 per cent in the second half.

After exceptional items, earnings per share came out 10.7p (8.8p). A final dividend of 3.25p is proposed making 4.75p (7.5p) for the year against expectations of 4.5p.

Underlying profits could reach £120m this year for a forward multiple of 13.

BA fails to block Virgin's $1bn suit

By Michael Skapinker,
Aerospace Correspondent

British Airways has failed in an attempt to prevent Virgin Atlantic proceeding with a $1bn (£600m) damages claim in the US.

The two airlines said yesterday that Judge Miriam Goldman Cedarbaum had refused BA leave to appeal against her ruling that Virgin could proceed with three anti-trust claims against its larger rival.

Judge Cedarbaum dismissed five of Virgin's claims against BA in January, but allowed a further three to stand. The claims relate to the so-called "dirty tricks" campaign which Virgin alleges BA carried out against it.

Virgin said yesterday that the discovery process would begin this week, allowing the airline access to BA documents relating to the case.

BA said: "The only thing the judge has decided is that Virgin will now be allowed to try to prove in court what it has alleged in its complaint. We are confident that Virgin cannot do this and we expect the complaint will be totally dismissed in due course. We deny without qualification all of Virgin's claims."

Virgin is also due to begin legal proceedings against BA in the High Court in London in May. Virgin said its case against BA in the UK would allege breach of copyright, breach of confidence and misuse of confidential information. BA said it will defend its position in the UK courts.

S&N incurs £5.5m loss after goodwill write-off

By Jenny Luesby

Smith & Nephew, the healthcare group, reported a pre-tax deficit of £5.5m ($9m) for 1994, compared with a £164.9m profit, following a £150m exceptional loss on the disposal of Ioptex, the optical equipment company.

The group said the loss related to £141m goodwill written off to reserves at the time of acquisition plus a £9m deficit on net assets realised on disposal.

In addition, it had charged £27m against profits to cover a cost reduction and rationalisation programme, along with a restructuring of distribution in continental Europe.

Operating profits on continuing operations rose 7 per cent to £172.9m (£161.3m). Group turnover edged ahead to £964.6m (£948.7m).

Net cash flow of £38m reduced gearing to zero, and the company was now keen to acquire compatible businesses in "technologically advanced medical areas", said Mr John Robinson, chief executive. Last month it acquired Homecraft Holdings, the manufacturer of aids for the disabled, for £29m.

The arthroscopy division, which specialises in equipment for minimal invasive surgery, was affected by healthcare reform in the US as hospitals held back from capital spending. Sales grew 6 per cent to £105.2m (£100.9m).

Controversy over the use of pedicle screws led to fewer spinal operations in the US, with the result that sales in orthopaedic implants increased just 7 per cent to £124.7m (£117.8m). Slower turnover in Spain, Italy and France also contained growth in the trauma division to 8 per cent, at £104.7m (£98.4m).

Casting and support products and wound management performed better, thanks to new lines, with sales rising 14 per cent to £169.5m (£152.4m), and 11 per cent to £147.5m (£135.4m) respectively.

The overall operating margin on continuing operations rose from 17.9 to to 18.2 per cent but continued to be diluted by the gloves division.

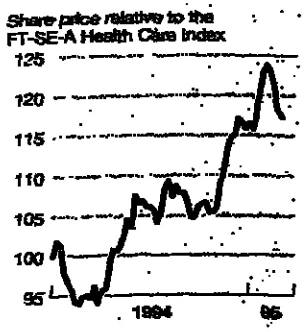
Mr Robinson said S&N had largely completed its restructuring exercise, with the reorganisation of the European sales operation and other minor adjustments expected to cut about 200 jobs this year.

However, if the company were offered an attractive price for the gloves business, it would be interesting in selling, he said.

The recommended final dividend of 3.26p, up 8 per cent on last year's 3.02p, makes a total of 5.28p (4.91p), a rise the company said was in line with underlying growth.

Smith & Nephew

Share price relative to the FT-SE-A Health Care Index



Source: FT Graphite

Holmes Protection transfers to Nasdaq

By Christopher Price

A veil was drawn over one of the London market's more colourful smaller companies yesterday when Holmes Protection Group, the US-based security concern, announced that it was transferring its listing to Nasdaq, the US exchange.

The shares will be traded in London until the close of business on March 27. A reverse stock split gives shareholders one new share for 14 existing ones. The new shares are being priced at about $6 (370p) each.

Mr Richard Hickson, chief executive, said the move would end an anomaly for the company, which derives 99 per cent of revenues from the US.

It also ends an eventful chapter in the company's history. In 1989 it became the subject of intense shareholder antagonism in response to its deteriorating financial position, culminating in the company having no less than three chairmen during 1990.

Further unrest the following year saw a dissident shareholder group led by Mr Eric Kohn, a former executive, take control. More boardroom ructions followed, including the installation of Sir Ian MacGregor, former head of British Steel, as chairman in 1991, while Holmes began a slow recovery. However, Sir Ian resigned last year.

Last November, the company reported pre-tax profits of $1m for the nine months to September 30, compared with $239,000 previously.

Mr Hickson said he hoped the full-year results, due later this month, would continue the company's recovery.

British Vita manages to pass on increases in costs

By Motoko Rich

British Vita, the foam and fibre group which warned last summer that raw material prices were threatening its profitability, said yesterday it had been able "substantially" to recover the price rises during 1994.

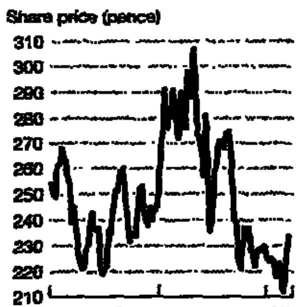
Its shares rose 22p to 234p as the group announced buoyant results, lifting pre-tax profits 47 per cent from £33.7m to £49.5m. ($79m)

Mr Bob McGee, chairman, said: "Although cost increases are being forced upon us, these are largely being recovered as appropriate through a combination of efficiencies, product re-engineering and selling price increases."

Trading conditions had improved in the US and the UK as these economies emerged from the worldwide recession, Mr McGee said. He expected continental Europe to follow, with sustained signs of improving consumer demand coming through in the current year.

British Vita

Share price (pence)



Source: FT Graphite

Pre-tax profits for 1994 were flattered by above-the-line charges in the previous year. Operating profits increased at a more modest 34 per cent from £33.5m to £45m. Turnover increased by just 2 per cent from £754.2m to £769m.

The industrial polymers division, where the bulk of raw material price rises were felt, was also the best performer. Raw material costs rose between 5 and 50 per cent on industrial chemicals, and the group pushed up its selling prices between 3 and 10 per cent.

The group's investment at Vita Polymers Poland last year had already proved profitable, although the company did not expect to break even until the second year of manufacturing at the site.

Mr Rod Sellers, chief executive, said he expected industrial chemical prices to peak early this year.

Raw material prices in the foam division, however, were just beginning to rise again. They had eased after the group made its warning last summer.

In the fibres division, raw material costs began pushing up at the end of 1994, and are continuing to move up this year. "We are about halfway through the cycle on raw material prices in fibres," Mr Sellers said.

Acquisitions boost leaves Suter with 24% expansion at £24m

By Geoff Dyer

Boosted by the contribution of acquisitions, Suter, the industrial conglomerate, announced a 24 per cent increase in 1994 pre-tax profits.

After excluding the £19.1m profit from the disposal in 1993 of the valves division, pre-tax profits rose to £23.6m (£19.1m) after turnover jumped 31 per cent to £244.9m (£186.9m).

Sales from continuing business were up 7 per cent at £192.9m, with acquisitions – including the £23.4m purchase in May of James Wilkes, the Sheffield engineering group – adding a further £52m. Trading profit, excluding the £7.1m made by acquisitions, was only slightly up at £18.2m (£18.1m).

The group's return on sales dropped from 10.8 per cent to 10.3 per cent after the return from chemicals fell to 13.7 per cent (16.9 per cent), because of declining margins in synthetic pyrethoids – the main business of Mitchell Cotts Chemicals – which made profits £1m lower.

As a result, chemicals profits fell to £6.8m (£7.3m), although turnover was up at £49.8m (43.3m). However, Mr Abell said that Mitchell Cotts had made profits in February and March, equivalent to half of last year's profits.

Aided by the Wilkes acquisition, profits from the automotive and engineering side doubled to £8.9m, with sales 65 per cent higher at £83.1m (£50.4m).

Earnings per share, excluding the 1993 disposal, were up 21 per cent at 13.9p (11.5p). The final dividend is 6p, making 9.5p (9.2p) for the year.

Goode Durrant sale

Goode Durrant, the industrial holding company, has sold its entire holding of 10.7m shares (41.6 per cent) in GDM Finance, the South African trade finance company for R2.6 cash a share to Investec Holdings, which will make an offer for the remaining shares.

GDM's attributable profit for the six months to October 31 was £324,000 and book value at that date was £3.18m.

ASW's SAM stake purchase approved

By Andrew Baxter

Improved margins helped ASW Holdings, the Cardiff-based steel products group, lift pre-tax profits from £100,000 to £4.2m ($7m) last year.

The company also said it had received approval from the French Privatisation Committee for the purchase of 80 per cent of SAM, the steel mesh and reinforcement coil unit of Usinor Sacilor. Final approval from the French government is expected soon.

Turnover was up from £428.5m to £464.3m and operating profits more than doubled to £8.4m (£4m).

The pre-tax rise was achieved after increased restructuring and closure costs of £3.3m (£1.2m).

The improvement in steel selling prices and margins, which began in the first half, was maintained in the second.

As a percentage of sales, margins (selling prices less scrap prices) are 4 percentage points higher than between last April and September. The company expects the more realistic pricing in its principal markets to continue for the rest of this year.

The Scunthorpe Rod Mill, due to be sold to British Steel as part of a complex package of transactions including a £29m rights issue and a big French acquisition by ASW, made operating profits of £10.7m (£10.8m).

Construction systems cut its annual loss from £4.2m to £1.8m. The 1993 figure included a £1.4m loss from discontinued operations. The business suffered from delays in the placing of new contracts, including one for the Jubilee line extension, in the second half of 1994.

Nordic fall at Intrum Justitia

Intrum Justitia, the debt collection group, blamed a contraction in its Nordic markets for a slight decline in pre-tax profits from £13.9m to £13.6m in 1994.

The company said: "Unfortunately the historically strong Nordic markets continued to suffer from the after-effects of the economic recession." Operating profits from collection activities fell 25 per cent.

However, most of its markets showed a strong performance. A recovery in Switzerland helped German speaking countries increase profits by £1.2m and the UK was ahead despite a £600,000 investment.

With the help of good cash flow borrowings were halved at £6.6m, after spending £2m on a Spanish purchase. Gearing fell from 44 per cent to 20 per cent at the period end.

Turnover was down from £83.6m to £82.1m, which included £2.75m from an acquisition. Earnings per share were 8.8p (9.3p) but the final gross dividend is being maintained at 2.2p for an unchanged total of 3.3p.

British Polythene rises 25%

Shares in British Polythene Industries rose 13p to 506p as Europe's largest polythene film producer announced a 25 per cent increase in pre-tax profits for 1994, writes Peter Pearse.

Mr Cameron McLatchie, chairman, described the year as "the most turbulent trading period for many years".

In the second half, BPI had "experienced considerable increases in raw material costs", with polyethylene, the basic polymer in the group's products, rising from £420 per tonne in June to £730 this January.

Profits in 1994 were £19.2m ($30m) pre-tax, against £15.4m, on turnover ahead 27 per cent to £268.8m. Last time there was a £1.1m exceptional credit. Profits from continuing operations expanded 30 per cent to £21.6m (£16.7m) with acquisitions in 1994 chipping in £1.31m on sales of £16m.

The chairman agreed it looked as if a peak in raw material prices had been reached, but suspected they would fall a little this year, only to rise again next. BPI had managed to pass on almost all of the increases.

Unitech

Unitech, the electronic components and controls group, is seeking a listing on the Tokyo Stock Exchange for Nemic-Lambda, its jointly-owned Japanese subsidiary, which provides almost 60 per cent of its profits.

The company will initially be listed on the Second Section of the Tokyo exchange. Unitech will have to ensure that at least 30 per cent of its stock is liquid if it wants to move to the larger and more prestigious First Section, which could force the company to dilute its stake.

German sale helps Burnfield

Burnfield, the industrial controls group, turned in an increased pre-tax profit of £3.11m for the year to December 31, up from £776,000 and boosted by an exceptional gain of £279,000 from the sale of surplus land in Germany.

Turnover was ahead at £39.6m (£38.5m) and all three divisions traded profitably.

The company is investigating expansion opportunities in east Asia.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

	Provisional Prices for Trading on 07.03.95	Final Prices for Trading on 07.02.95	
1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.79	8.20	8.20
0100	8.87	8.70	8.70
0130	8.98	8.74	8.74
0200	8.98	8.74	8.74
0230	8.93	8.71	8.71
0300	8.89	8.70	8.70
0330	8.89	8.70	8.70
0400	8.79	8.86	8.86
0430	8.18	8.20	8.20
0500	8.18	8.11	8.11
0530	8.85	8.68	8.58
0600	8.79	8.65	8.65
0630	8.79	8.88	8.88
0700	8.07	8.80	8.80
0730	10.67	9.44	10.24
0800	11.27	9.48	10.29
0830	12.81	9.53	10.36
0900	13.75	13.80	14.70
0930	14.17	10.15	11.15
1000	14.49	10.42	11.49
1030	14.43	14.55	15.63
1100	14.99	14.53	15.61
1130	18.61	14.79	15.94
1200	22.55	14.95	16.15
1230	25.30	14.79	15.94
1300	17.25	10.34	11.39
1330	18.05	9.98	10.90
1400	14.38	13.81	14.88
1430	14.19	9.82	10.74
1500	14.04	9.82	10.73
1530	14.31	9.90	10.83
1600	18.64	10.74	11.94
1630	23.42	20.59	23.34
1700	30.91	50.77	60.01
1730	35.11	61.10	94.71
1800	48.10	92.95	107.17
1830	54.34	71.24	82.00
1900	58.81	41.54	47.25
1930	39.05	23.30	25.70
2000	23.49	16.71	17.82
2030	15.40	9.69	10.43
2100	9.72	9.46	10.29
2130	9.14	9.00	9.00
2200	8.95	8.82	8.82
2230	8.79	8.80	8.80
2300	8.19	8.70	8.70
2330	8.18	8.65	8.65
2400	8.16	8.65	8.65

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between [illegible] and [illegible] Monday to Friday.
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EXPANDING WATER: Lyonnais des Eaux and Northumbrian Water

Overseas search for traditional activities

Trevor Humphries

Men of Lyonnais: Philippe Brongniart, left, and Jacques Petry

By John Ridding in Paris

Lyonnaise des Eaux, as the name suggests, is quite at home in the water business. It derives annual sales of about FFr18bn ($3.5bn) from the sector and has a 25 per cent share of the French market, second only to its bitter rival, Générale des Eaux.

But despite its importance, the water business is only one part of the group's activities, accounting for less than 20 per cent of total sales of almost FFr100bn. A diversified conglomerate, its activities take in construction, funeral services and cable television.

With slow growth rates in the French construction and water markets it has sought to find more dynamic sources of growth. At the same time, it has extended tentacles into foreign markets in search of customers for its traditional water and building activities.

Yesterday's announcement reflects the second element of the group's strategy. It aims to expand its long-established presence in UK water.

In the years ahead of privatisation in 1989-90, Lyonnaise took control of four private-sector "statutory" water companies, which it has merged into two groups – North East Water and Essex & Suffolk Water. It also bought, and then sold, stakes in three of the big 10 water companies. The group now has about 3m water customers in England and Wales, compared with about 14m in France.

But if yesterday's move reflects its determination to develop one of its core activities, Lyonnaise has also been active in new businesses. Earlier this year it acquired the cable television operations of the Caisse des Dépôts, the French state financial institution, making Lyonnaise number one in the French cable industry.

Marked out by size as a prime takeover target

By Peggy Hollinger

Northumbrian Water's board should not have been surprised at Lyonnaise des Eaux's takeover move. The group is a prime candidate mainly because of its size: it is the smallest of the 10 English and Welsh water and sewerage companies by market value.

Northumbrian, which employs 3,000 people, is the sole sewerage agency for north-east England and it supplies half of the region's water.

Unusually, 60 per cent of the water goes to industrial users, such as ICI and British Steel, and 40 per cent to domestic consumers; the proportion is normally the reverse of this.

When privatised in December 1989, Northumbrian was nine times subscribed – the highest in the industry – and early trading saw the shares rise to a 70 per cent premium.

However, it has suffered setbacks. The post-privatisation acquisition of Amtec, an underground pipe maintenance business, was ill-fated. The group had to pull out of the loss-making division, at a cost of £8.4m.

In November 1993, it reported a 42 per cent drop in interim pre-tax profits to £22.6m. Profits were also depressed by an £8m fall in investment income.

Even the £170m flagship Kielder project in north Northumberland, northern Europe's largest manmade lake holding 44bn gallons, looked like becoming a white elephant as demand dipped.

Only developments by microchip manufacturer Fujitsu in Co Durham, and a £500m investment on Teesside by electronics giant Samsung, helped alleviate embarrassment.

Its performance has improved, however. Last November it offered shareholders a record 16 per cent interim dividend increase from 8.1p to 9.4p. It also indicated real dividend growth would continue over the next five years.

Pre-tax profits more than doubled to £46.1m on sales of £155.7m.

It faces heavy further capital spending because of the government's commitment to the phasing out of sewage dumping at sea by the end of 1998 and over the next 10 years envisages a £1.25bn investment programme.

Metal Bulletin up

Following progress in all divisions, Metal Bulletin, the international business publishing concern, lifted pre-tax profits 28 per cent for 1994.

The £3.25m (£2.53m) result was struck on sales 14 per cent ahead at £17.4m (£15.3m). Overseas income now accounted for 75 per cent of turnover, the directors said.

Unilever ventures

Unilever is to set up its first two joint ventures in Vietnam. It will contribute two thirds of the $50m investment and state-owned companies the balance. Lever Haso in Hanoi will focus on toilet soaps and shampoos and Lever Viso in Ho Chi Minh City will concentrate on detergents and shampoos.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
ASW	Yr to Dec 31	464.3	(428.5)	4.2♠	(0.1♠)	6.4	(0.7L)	3†	May 16	3	6	6
BBA	Yr to Dec 31	1,380	(1,417)	63.9♠	(14.5L♠)	6.4	(9.6L)	3.25	May 26	5.25	4.75	7.5
British Polythene	Yr to Dec 31	268.8	(212.4)	19.2	(15.4♥)	37.6	(31.89)	9.25	May 26	7.75	13.75	11.5
British Vita	Yr to Dec 31	769	(754.2)	49.5	(33.7♠)	14.7	(9.6)	3.95†	May 9	3.75	7.7	7.4
Burnfield	Yr to Dec 31	39.6	(38.5)	3.11	(0.776)	6.3	(1.4)	1.75	May 4	0.85	2.75	2.5
Carnstone	Yr to Dec 31	17.4	(17.4)	0.528	(1.21)	2.28	(4.05)	1	Apr 15	-	1.4	-
Close Brothers	6 mths to Jan 31	-	(-)	16.4	(15.7)	11.2	(11.1)	2.9	Apr 21	2.5	-	7.5
Intrum Justitia	Yr to Dec 31	82.1	(83.6)	13.6	(13.9)	8.8	(9.3)	2.2✱	Jun 2	2.2	3.3	3.3
Inveresk	Yr to Dec 3	101.2	(90.5)	8.13	(9.26)	10.9	(16.9)	3.88	Apr 28	3.5	5.52	3.5
Learmonth	9 mths to Jan 31	16.9	(18.8)	2.98L	(0.94)	12.3L	(4.1L)	-	-	-	-	-
Mackie Intl §	Yr to Dec 31	19.5	(13.2)	9.53♥	(2.62L)	176.3	(89.9L)	1	May 24	-	1	-
Metal Bulletin	Yr to Dec 31	17.4	(15.3)	3.25	(2.53)	21.9	(17.2)	8	Apr 19	7.1	12	10
Redrow	6 mths to Dec 31	113.6	(102.2)	18.3	(9.5)	5.6	(4.7)	1.05	Apr 19	-	-	7.8
Relyon	Yr to Dec 31	45.9	(41.8)	5.81	(3.15)	17.6	(7.9)	4.9	Apr 24	3.3	7	5.2
Select Appointments	Yr to Dec 31	89.8	(34.9)	2.61	(0.642L)	0.57	(0.35L)	-	-	-	-	-
Smith & Nephew	Yr to Dec 31	964.6	(948.7)	5.5L♠	(164.9)	4.96L	(10.55)	3.26	July 4	3.02	5.28	4.91
Suter	Yr to Dec 31	244.9	(186.9)	23.6	(38.2♥)	13.9	(22.7)	6	June 19	5.8	9.5	9.2
Turnpyke	Yr to Dec 31	2.9	(2.45)	0.141	(0.068L)	1.87	(1.21L)	-	-	-	-	-
WSP	Yr to Dec 31	21.4	(11.5)	1.2	(0.28)	3.8	(1.9)	1	May 4	0.9	2	1.8

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
M&G Income	Yr to Jan 31	63.78	(93.45)	12.4	(11.2)	5	(4.54)	2	Apr 26	1.9125	5	4.9125
M&G Recovery	9 mths to Dec 31	65.83	(61.25)	3.83	(3.39)	2.84	(2.55)	1	Apr 10	1	-	3.82
USDC	Yr to Dec 31	269.1	(281.5)	1.69	(1.72)	4.61	(4.69)	3.25	Apr 12	3.25	4.5	4.5

Dividends shown net. Figures in brackets are for corresponding period. ✱Gross throughout. †On increased capital. ♠After exceptional charge. ♥After exceptional gain. §USM stock.

Russia scotches aluminium rally

By Kenneth Gooding, Mining Correspondent

Aluminium prices on the London Metal Exchange fell by nearly 4 per cent from yesterday's peak of US$1,933 a tonne to $1,857 after an official revealed that Russian smelters were stepping up output.

In early trade the price for delivery in three months seemed set for a substantial rise. Then sentiment was affected not only by the Russian revelation but also by the news that Aluminium Bahrain would not repeat this year output cuts it made in 1994. Added to this were fears that US interest rates might rise again to stem the dollar's fall and cut economic growth.

Mr Nick Moore, analyst at Ord Minnett, an associate of the Jardine Fleming group, said that, although the international trade agreement for aluminium production cuts reached in Brussels last year appeared to be unwinding, it had achieved its objective. LME aluminium stocks had been reduced by 1.3m tonnes from the peak 2.66m and would be down by 1.5m tonnes in two months time. The rise in prices that accompanied the stocks fall had proved "too much of a dripping roast for the salivating Russians to ignore".

In any event, Russian output, which had risen by 5.5 per cent since September from an annual rate of 2.583m tonnes to 2.724m, was less important than exports, "and the amount available for export has not come down at all". Russian aluminium exports likely to remain at an annual 2m tonnes for some years to come. Meanwhile Russian production might continue to rise because in November 1993 it reached an annual rate of 2.873m tonnes.

ERM turbulence 'likely to boost "green" hedging'

By James Harding

Turbulence in the European Monetary System is likely to boost trade in the fledgling "green" forwards market, as commercial buyers and sellers of farm produce attempt to hedge against delayed volatility in the agrimonetary system, analysts believe.

The UK green rate was devalued by 0.2 per cent and guaranteed farm prices were lifted by a corresponding amount yesterday. Observers of the "green" exchange rate system, the mechanism for translating European subsidies and price supports into national currencies after reference to changes on the open market, said other currencies battered on the European crosses would follow.

"The Italian lira, the Spanish peseta and the Greek drachma have all had it – they are all likely to see further devaluations at the end of the next 10-day reference period," on March 15, said Mr Peter Wakefield, senior assistant director at Morgan Grenfell, the investment bank that established the green forwards market.

Green forwards, the only direct hedge against exchange rate movements in the "green" grid, offer traders in farm produce fixed green rates, usually for up to six months ahead.

Regular buyers of the green forward contracts are companies involved in the food industry – mainly in sugar, milk, grains and malt. Considering the bumpy outlook for the peseta, Spanish companies buying milk and sugar, for example, might be looking to iron out some price volatility, Mr Wakefield suggested.

One agrimonetary consultant commented: "Forward contracts are the only sensible way for hedging – there is nothing else in the market".

De Beers' Canadian diamonds fail to come up trumps

By Kenneth Gooding

De Beers, the world's biggest diamond group, is likely to come up empty handed from its involvement in the diamond exploration rush in Canada's Northwest Territories whereas its international rivals, BHP of Australia and RTZ, based in the UK, have good chances of developing new mines there.

That was the view of many analysts yesterday after De Beers announced the termination of its Yamba Lake joint venture project in the area saying that evaluation of the results so far suggested "the project does not merit any additional exploration".

Share prices of the two junior partners in the Yamba Lake joint venture – Mill City Gold and Tanqueray Resources – each fell about 15 per cent after the news. De Beers first became involved in July last year in Yamba Lake, located in the Lac de Gras area, centre of the Canadian diamond rush. It agreed to arrange up to C$500m of finance for a mine, should one prove viable, for a 60 per cent share of the project.

Mr Roger Chaplin, analyst at stockbroker T Hoare & Co, said there were now only two, maybe three, projects in the Lac de Gras area that might result in diamond mines. BHP and its partner Diamet had a "99 per cent chance", while the odds for RTZ and its partner Aber Resources were about 80 per cent. Another company, Lytton, was well-funded and had a great deal of land to explore but its chances must be below 50 per cent, said Mr Chaplin.

De Beers' subsidiary Monopros was exploring on its own account in the area but its chances of finding a mineable deposit were now "pretty slim".

Spain's gold coast may yield up more riches

A 'junior' miner has identified reserves missed by a 'major', writes **Kenneth Gooding**

Mining history is full of stories about valuable mineral deposits that were walked over but missed by big international mining groups, only to be discovered later by "junior" exploration companies. It is becoming increasingly possible that the Rio Narcea gold belt in northern Spain – site of probably the biggest current gold exploration project in western Europe – will join the list.

The Anglo American Corporation of South Africa spent about US$20m between 1985 and 1992 on drilling and extensive underground exploration on the gold belt, situated in the valley of the River Narcea at Carles, near the town of Salas.

This is an area that 2,000 years ago provided the Roman Empire with much of its wealth. The historian Pliny recorded that at one time 60,000 slaves were employed in the Spanish gold mines. Today the evidence of their activities remains clearly to be seen. The Romans collected water in trenches stretched across the mountainsides for the hydraulic, or "hushing", mining systems they used.

Anglo defined proven and possible reserves of about 450,000 troy ounces of gold at Carles – gold the Romans missed because it is disseminated in fine grains through the rock, invisible to the naked eye.

A detailed feasibility study was carried out and permits for a mine, mill and flotation plant to treat Carles's sulphide ore were all secured.

Then Anglo pulled out. "When we considered the size of the deposit and the cost of developing a mine we decided it was not for us," an Anglo official said last week.

However, Mr Luis Pevida suggests that Anglo gave up too quickly. The South African group had begun looking at other gold targets in the area but not in much detail.

The company that picked up Anglo's interest for US$6m, a newcomer called Rio Narcea Gold Mines, has done no more work on the Carles deposit but concentrated on three others 15km south of Salas – El Valle, Boinas East and Boinas West – where drilling has shown substantial traces of gold.

Mr Pevida previously worked for Anglo and is now RNGM's exploration manager. His boss, Mr Gene Spiering, the company's vice president, exploration, insists that the Rio Narcea gold belt bears a striking resemblance to Nevada's Carlin Trend, which produces about 150 tonnes of gold a year, half the US output. That is a geological resemblance, of course. The Carlin Trend is in the Nevada desert; Rio Narcea is in beautiful, rugged, mountainous countryside overlooking of one of Spain's best fishing rivers.

Already there have been discontented rumblings from some local environmentalists. However, RNGM is promising to follow only the best international practices if it reaches a stage where mining is possible. Also, as Mr Peter Miller of RNGM's stockbroker, Yorkton Securities, points out: "Spain is one of the most pro-mining nations on earth, where the exploitation of natural resources usually takes preference over all other forms of activity".

For example, a small village sits astride the gold deposit but if RNGM wants to mine there Spanish law would enable the company to buy the homes at a fair market price and the villagers would have to move. There is no appeal. The Spanish government has granted a $500,000 subsidy towards RNGM's exploration costs and is prepared to make additional subsidies available, equivalent to 30 per cent of projected capital costs if mine development and construction begins.

RNGM can also call on the local expertise of Spain's quoted, but state-owned Asturian coal producer, Hulles del Coto Cortes, which became Anglo's partner in 1988 and still owns 20 per cent. RNGM was listed on the Toronto stock exchange in July last year and a placing gave 26 per cent to an investor group. Mr von Christierson owns 10 per cent via a family trust while the biggest shareholder is Mr Oren Benton, the Denver entrepreneur, with 28 per cent.

Mr Benton recently sought protection under US bankruptcy laws, citing debts of between $400m and $500m caused mainly by his uranium trading activities.

Following his bankruptcy, Mr Benton left the RNGM board and his Concord group is no longer providing management for the gold company. Mr von Christierson says RNGM has invited some of the Concord management team to join it.

He says Mr Benton cannot sell his shares without permission of his creditors and, in any case, HCC, the Spanish coal company, has first refusal on them. "There is no question of the shares being dumped," he insists.

Mr von Christierson says RNGM will push ahead with its plans to raise another US$10m by the middle of 1995. Having already established a resource of 1.1m ounces at the El Valle and Boinas deposits, RNGM wants the cash for more exploration – so far only 2km of a 16km prospective area have been looked at – and a bankable feasibility study. If the study can be ready next year a mine might go into production in 1997. The capital cost would be US$60m-70m.

Mr von Christierson hopes for annual production of at least 100,000 ounces. "I don't get involved in a project unless the majors [big international mining groups] would be interested in buying it. They are all desperate for output and reserves to replace the gold they produce each year."

This is not the first time Mr von Christierson has benefitted from an Anglo American "cast-off". Some years go after Anglo closed down the East Daggafontein mine in South Africa following 30 years of production, he and some partners bought the property with an eye on the gold left in the slimes dams or waste tips. He added more property and soon had 5m tonnes of reserves – enough to kindle Anglo's interest again and that group took a half share. Today East Daggafontein still holds the rights to slimes dams on the far east Rand and these are being treated by Ergo at its Daggafontein plant. "It is some of the lowest-cost gold in South Africa," says Mr von Christierson.

Will he succeed again at Rio Narcea? Only time will tell but Mr Roger Ellis, editor of the Mining Journal, says: "There seems little doubt that the epithermal deposits in the Rio Narcea gold belt present major mining potential".

Norwegian oil output forecast to set fresh records

By Karen Fossli in Oslo

Norwegian average daily production of oil and natural gas liquids continued to go from strength to strength and would rise by 11 per cent in 1995 to 2.98m barrels a day, Wood Mackenzie, the Edinburgh-based energy consultancy, said in a fresh assessment issued yesterday. It would hit a record 3.3m b/d in December, WoodMac forecast.

Last month, Norway's Industry and Energy Ministry predicted that crude oil output would average 2.8m b/d this year and rise further to 3m b/d in 1996. That compared with December budget forecasts of 2.6m b/d for both years.

Total North Sea output, including 3.53m b/d of production from the UK, was predicted by WoodMac to average 5.74m b/d in 1995, which would be 8 per cent up on the 5.34m b/d rate achieved last year.

The consultancy said Norwegian production declined slightly in January after increasing to 2.94m b/d in the final quarter of last year but forecast that output would return to that level sometime in March.

This year's projected increase in Norwegian production was attributable largely to new fields coming on stream, but the existing main fields, such as Statfjord and Gullfaks, both of which performed above expectations in 1994, were expected to continue producing at 1994 levels.

"The combination of sustained output from major fields plus significant volumes of new production is expected to result in a substantial increase in output during the second half of 1995, and in December oil/NGL production should average 3.3m b/d," WoodMac forecast.

During the March-July period Norwegian output was expected to fluctuate between 2.80 and 2.93m b/d but in August, when the bulk of scheduled annual maintenance programmes will be undertaken, WoodMac saw production falling to a year low of 2.71m b/d.

Last August output fell 23 per cent as a result of field maintenance, deferring an estimated 25.3m barrels of oil production.

WoodMac said this year's pattern of production was expected to be very similar to that of 1994, except that stabilised crude oil would rise by 10 per cent in 1995 as NGL/condensate output recorded only a minor increase.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1829-30	1864.5-5.5
Previous	1864-5	1898-9
High/low		1933/1857
AM Official	1869-70	1906-7
Kerb close		1858-60
Open int.	234,105	
Total daily turnover	58,458	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1825-35	1855-65
Previous	1850-60	1880-90
High/low		1885
AM Official	1845-50	1875-80
Kerb close		1850-60
Open int.	2,784	
Total daily turnover	333	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	585-7	600-2
Previous	590-2	605-7
High/low		610/578
AM Official	594-5	608-9
Kerb close		585-6
Open int.	38,578	
Total daily turnover	14,853	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7595-605	7725-35
Previous	7740-50	7870-80
High/low		8050/7600
AM Official	7810-15	7945-50
Kerb close		7810-15
Open int.	59,044	
Total daily turnover	14,581	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5240-50	5330-40
Previous	5435-45	5530-40
High/low		5520/5310
AM Official	5405-10	5500-05
Kerb close		5370-80
Open int.	19,603	
Total daily turnover	3,118	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1032-3	1057-8
Previous	1043-4	1068-9
High/low		1070/1047
AM Official	1045-6	1069-70
Kerb close		1052-3
Open int.	101,794	
Total daily turnover	22,462	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2897-8	2882-3
Previous	2924-5	2894-5
High/low	2924/2923	2900/2875
AM Official	2924-5	2898-00
Kerb close		2878-9
Open int.	234,003	
Total daily turnover	66,163	

■ LME AM Official £/$ rate: 1.6515
LME Closing £/$ rate: 1.6395

Spot:1.6333 3 mths:1.6320 6 mths:1.6288 9 mths:1.6252

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Mar	136.20	-0.50	137.70	135.00	7,623	1,898
Apr	133.50	-0.85	-	-	1,625	105
May	131.90	-0.85	133.70	130.70	22,838	8,642
Jun	130.10	-0.95	131.80	131.80	601	27
Jul	128.70	-0.70	130.40	127.70	4,885	559
Aug	127.00	-0.85	-	-	377	4
Total					48,778	11,302

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	378.20-378.60		
Opening	376.60-377.00		
Morning fix	376.60	227.690	441.074
Afternoon fix	378.85	230.640	445.149
Day's High	379.20-379.60		
Day's Low	376.40-376.80		
Previous close	376.70-377.10		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.26	6 months	5.00
2 months	4.44	12 months	5.50
3 months	4.58		

Silver Fix	p/troy oz.	US cts equiv.
Spot	267.90	441.90
3 months	271.20	447.00
6 months	275.90	454.00
1 year	286.50	469.50
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	378-381	226-231
Maple Leaf	389.20-391.65	-
New Sovereign	88-91	53-56

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	378.9	+2.4	379.0	379.0	3	-
Apr	380.2	+2.4	380.8	378.3	75,223	22,891
Jun	383.3	+2.5	384.0	381.4	30,052	846
Aug	386.8	+2.5	387.0	385.5	16,465	128
Oct	390.4	+2.5	390.2	389.0	4,647	1
Dec	394.2	+2.6	394.4	392.4	12,668	4
Total					178,893	24,280

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	407.8	+4.0	408.4	404.5	16,967	2,910
Jul	408.3	+4.2	408.5	406.0	6,198	1,242
Oct	411.0	+4.4	410.0	408.0	1,414	223
Jan	413.8	+4.7	410.5	410.5	626	306
Total					25,205	4,681

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	153.35	+0.10	154.75	153.75	228	41
Jun	153.85	-0.15	154.90	153.75	5,712	247
Sep	154.60	-0.15	155.75	154.75	569	56
Dec	155.80	-0.15	-	-	105	-
Total					6,614	344

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	446.0	+8.3	445.0	438.0	355	145
Apr	448.1	+8.3	-	-		
May	450.3	+8.3	451.5	441.0	68,762	17,992
Jul	455.6	+8.3	456.0	447.0	15,488	1,605
Sep	460.6	+8.3	460.0	452.5	11,004	380
Dec	468.3	+8.3	470.0	460.0	15,854	367
Total					134,594	21,869

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	18.57	-0.06	18.65	18.53	88,607	31,511
May	18.39	-0.03	18.45	18.35	54,852	17,406
Jun	18.22	-0.04	18.28	18.18	40,278	7,494
Jul	18.12	-0.01	18.13	18.07	22,104	3,320
Aug	18.01	-0.02	18.03	17.98	12,221	1,516
Sep	17.94	-0.02	17.94	17.92	24,271	4,402
Total					367,149	73,761

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	16.86	-0.01	16.91	16.80	62,161	16,838
May	16.78	-	16.77	16.72	38,386	8,515
Jun	16.70	-0.03	16.72	16.67	16,208	1,867
Jul	16.62	-	16.63	16.58	13,897	2,196
Aug	16.58	+0.02	16.58	16.54	6,487	815
Sep	16.55	+0.03	16.55	16.55	2,831	220
Total					159,082	30,676

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	47.00	-0.41	47.40	46.85	34,229	9,958
May	47.30	-0.26	47.60	47.20	19,198	4,122
Jun	47.65	-0.18	47.75	47.60	11,450	1,114
Jul	47.95	-0.18	48.05	47.85	9,606	888
Aug	48.60	-0.08	48.75	48.55	5,076	42
Sep	49.40	-	-	-	3,619	348
Total					106,021	17,314

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	148.00	+0.50	148.50	145.75	30,796	5,143
Apr	147.50	+0.50	148.25	147.50	28,390	3,883
May	147.50	+0.75	148.00	147.50	14,490	1,821
Jun	147.50	+0.75	148.00	147.25	9,600	1,505
Jul	149.25	+1.25	149.25	149.00	4,798	218
Aug	150.75	+1.25	150.75	150.75	2,102	17
Total					103,976	13,719

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	1.434	-0.014	1.440	1.417	26,503	13,349
May	1.460	-0.009	1.470	1.445	17,913	3,882
Jun	1.525	+0.003	1.530	1.505	12,675	1,921
Jul	1.570	+0.006	1.572	1.555	13,388	650
Aug	1.602	+0.008	1.605	1.592	12,285	1,028
Sep	1.627	+0.006	1.630	1.620	11,524	419
Total					184,192	24,714

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	55.60	-0.14	56.50	55.60	24,105	12,724
May	55.55	-0.11	55.90	55.25	18,500	7,061
Jun	55.70	-0.13	55.95	55.40	7,703	3,870
Jul	55.60	-0.22	55.70	55.50	4,735	2,373
Aug	55.40	-0.02	55.40	55.20	2,072	293
Sep	54.55	-0.22	55.00	54.50	2,079	62
Total					60,186	26,653

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	108.75	+0.05	108.75	108.50	235	12
May	110.30	-0.10	110.25	109.90	1,954	110
Jul	111.25	-0.20	111.25	110.85	323	30
Sep	98.80	+0.05	-	-	233	13
Nov	99.80	-	99.50	99.50	1,986	6
Jan	101.35	+0.05	-	-	397	10
Total					5,367	198

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	357/6	+7/2	358/6	353/0	3,636	1,046
May	350/0	+5/4	350/6	346/0	25,356	6,571
Jul	328/6	+2/4	330/0	326/2	26,969	5,907
Sep	333/4	-2/2	335/2	331/4	2,118	252
Dec	345/0	+3/0	348/0	342/4	1,983	281
Mar	349/4	+3/0	-	-	21	-
Total					60,129	14,158

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	236/6	+3/2	239/0	233/2	11,747	8,002
May	243/6	+3/2	246/0	240/2	103,314	19,805
Jul	249/0	+3/2	251/4	245/4	93,821	11,904
Sep	253/2	+3/6	255/4	250/2	15,872	3,155
Dec	257/2	+2/4	259/6	254/2	71,171	13,583
Mar	263/6	+2/4	266/0	261/4	8,219	439
Total					310,480	57,218

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	103.15	+0.40	-	-	94	-
May	103.65	-0.15	103.00	03.00	215	5
Sep	97.25	-	-	-	102	3
Nov	98.55	+0.10	99.25	99.25	407	5
Jan	101.20	-0.30	-	-	71	-
Mar	102.90	-	-	-	56	-
Total					945	19

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	563/0	+9/2	568/4	555/0	4,734	5,886
May	574/2	+9/4	579/4	565/0	52,492	14,997
Jul	584/4	+10/2	589/4	575/0	40,082	4,263
Aug	588/0	+9/2	592/4	579/4	5,413	376
Sep	590/2	+9/6	594/4	582/2	3,436	215
Nov	598/2	+10/4	603/4	588/4	21,241	1,788
Total					129,938	27,890

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	29.12	+0.89	29.20	28.28	11,581	3,924
May	27.82	+0.95	27.87	26.89	38,857	6,272
Jul	27.26	+0.91	27.35	26.35	22,061	2,569
Aug	26.95	+0.94	27.01	26.12	6,387	339
Sep	26.70	+0.90	26.80	25.90	5,918	234
Oct	26.47	+0.92	26.55	25.65	6,800	31
Total					104,224	14,127

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	153.3	+1.0	155.8	151.5	3,395	3,774
May	157.9	+1.2	160.3	155.5	40,888	8,118
Jul	162.4	+1.1	164.5	160.6	26,430	3,254
Aug	164.4	+0.9	166.5	162.8	7,615	412
Sep	165.5	+1.5	168.5	165.0	5,632	343
Oct	168.2	+1.4	170.2	167.5	9,413	144
Total					104,215	17,297

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	335.1	-	-	-	-	-
Apr	310.5	-19.5	320.0	303.0	676	157
May	344.5	-15.5	340.0	340.0	74	5
Jun	250.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Total					811	178

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	2155	+30	2150	2130	427	28
Apr	2150	+20	2160	2136	1,228	87
May	2125	+20	2135	2120	532	31
Jul	1875	+15	1875	1870	932	23
Oct	1830	+20	1840	1828	843	25
Jan	1775	-	1785	1785	114	7
Total					4,076	201

	Close	Prev
BFI	2072	2066

Tea

The Tea Broker's Association reports, best and good liquoring East Africans met active demand at fully firm to dearer rates especially brighter types. Mediums, however, lost 2 to 4 pence with plainer sorts also easier. Quotations: best available 160p/kg, nom. good 124p/kg., good medium 112p/kg., medium 89p/kg., low medium 80p/kg. The highest price realised this week was 167p for a Burundi pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1021	-23	1035	1022	8,734	484
May	1014	-21	1026	1011	24,095	2,694
Jul	1017	-18	1031	1018	11,971	531
Sep	1023	-17	1034	1022	13,917	1,155
Dec	1025	-14	1036	1024	14,513	837
Mar	1033	-14	1046	1032	14,612	727
Total					100,985	6,574

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1395	-15	1428	1400	81	37
May	1421	-15	1451	1416	43,547	6,044
Jul	1440	-13	1469	1437	12,635	1,702
Sep	1455	-13	1478	1453	6,886	161
Dec	1472	-13	1494	1470	5,797	114
Mar	1489	-13	-	-	8,340	17
Total					87,176	8,476

■ COCOA (ICCO) (SDR's/tonne)

Mar 3	Price	Prev. day
Daily	1041.09	1028.01

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	3218	+18	3214	3165	853	139
May	3173	+18	3175	3115	15,750	1,046
Jul	3103	+13	3105	3050	8,076	433
Sep	3063	+5	3065	3025	8,794	75
Nov	3035	+2	3012	3010	1,220	23
Jan	3018	+10	-	-	199	10
Total					32,886	1,716

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	179.65	-0.20	181.50	178.40	737	191
May	179.75	-0.05	181.75	177.75	18,865	7,305
Jul	180.65	-0.10	182.50	178.90	8,179	1,043
Sep	180.80	-0.25	182.75	180.60	4,580	116
Dec	179.80	+0.35	180.50	179.50	4,145	63
Mar	178.45	+0.45	178.70	178.70	454	4
Total					37,047	8,722

■ COFFEE (ICO) (US cents/pound)

Mar 3	Price	Prev. day
Comp. daily	165.54	167.71
15 day average	158.84	157.70

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	14.80	+0.03	-	-	861	-
Jul	13.75	-0.23	-	-	2,360	-
Oct	12.95	-0.09	-	-	-	-
Jan	13.25	-	-	-	-	-
Mar	13.25	-	-	-	2,000	-
Total					5,221	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	386.1	-4.5	390.8	385.8	10,852	579
Aug	372.9	-3.7	377.0	372.8	6,829	413
Oct	348.5	-2.7	350.0	346.5	2,595	75
Dec	339.8	-2.8	-	-	213	-
Mar	336.2	-2.8	-	-	808	1
May	335.8	-2.2	-	-	221	1
Total					21,123	808

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	14.55	-0.04	14.58	14.42	54,226	9,075
Jul	13.31	-0.14	13.38	13.24	35,510	4,032
Oct	12.71	-0.15	12.78	12.68	33,758	3,408
Mar	12.44	-0.11	12.48	12.43	11,973	1,048
May	12.32	-0.11	12.42	12.36	2,896	191
Jul	12.09	-0.11	-	-	2,963	499
Total					141,986	18,308

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	107.87	+5.12	107.97	104.30	489	484
May	106.17	+2.00	106.17	104.80	25,550	7,159
Jul	101.85	+2.00	101.85	100.25	17,074	5,427
Oct	84.12	+1.39	84.20	82.90	7,780	1,768
Dec	76.98	+0.78	77.20	76.25	24,363	4,460
Mar	78.05	+0.75	78.15	77.50	3,988	773
Total					79,919	20,352

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	93.10	-1.90	95.60	93.10	1,003	243
May	97.40	-1.80	100.40	97.20	14,434	921
Jul	101.25	-1.85	105.00	101.25	4,632	247
Sep	105.00	-2.00	107.75	106.00	3,860	82
Nov	105.50	-2.05	107.50	107.00	2,014	12
Jan	107.75	-1.50	109.25	108.50	1,226	5
Total					27,334	1,510

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 6	Mar 3	month ago	year ago
2337.2	2346.6	2245.4	1798.4

■ CRB Futures (Base: 1967=100)

Mar 3	Mar 2	month ago	year ago
232.11	232.68	232.29	226.88

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	73.475	-0.125	73.925	73.125	42,222	4,678
Jun	66.475	+0.225	66.675	66.225	18,741	2,466
Aug	63.450	+0.150	63.650	63.200	7,243	1,308
Oct	64.875	+0.175	64.750	64.450	3,897	379
Dec	65.700	+0.150	65.800	65.650	1,683	141
Feb	66.800	+0.150	66.900	66.700	1,240	169
Total					75,361	9,417

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	39.475	-	39.600	39.200	12,667	1,694
Jun	45.675	-0.050	45.900	45.300	8,606	1,379
Aug	44.025	-0.150	44.250	43.850	2,265	313
Oct	41.150	+0.075	41.150	40.900	2,446	182
Dec	41.550	+0.050	41.600	41.350	2,425	184
Feb	41.800	-0.025	41.850	41.700	870	26
Total					28,506	3,795

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	41.750	-0.625	42.600	41.700	997	746
May	42.825	-0.175	43.550	42.650	4,622	1,509
Jul	43.100	-0.050	43.550	42.800	1,769	412
Aug	40.650	-0.025	41.075	40.575	452	50
Feb	51.000	+0.050	51.000	50.575	73	1
Mar	50.000	-	-	-	9	5
Total					7,922	2,718

LONDON TRADED OPTIONS

Strike price $ tonne	— Calls —		— Puts —	
■ **ALUMINIUM (99.7%) LME**	Jun	Sep	Jun	Sep
2750	179	136	46	112
2800	147	113	63	138
2900	94	75	109	197
■ **COPPER (Grade A) LME**	Jun	Sep	Jun	Sep
1700	208	239	48	78
1800	147	183	84	119
1900	99	137	135	169
■ **COFFEE LCE**	May	Jul	May	Jul
3000	248	298	73	195
3050	214	272	91	219
3100	184	249	111	246
■ **COCOA LCE**	May	Jul	May	Jul
1025	31	55	42	83
1050	22	45	58	78
1075	15	37	76	95
■ **BRENT CRUDE IPE**	Apr	Jul	Apr	Jul
1650	35	71	6	59
1700	12	48	25	88
1750	2	33	66	121

LONDON SPOT MARKETS

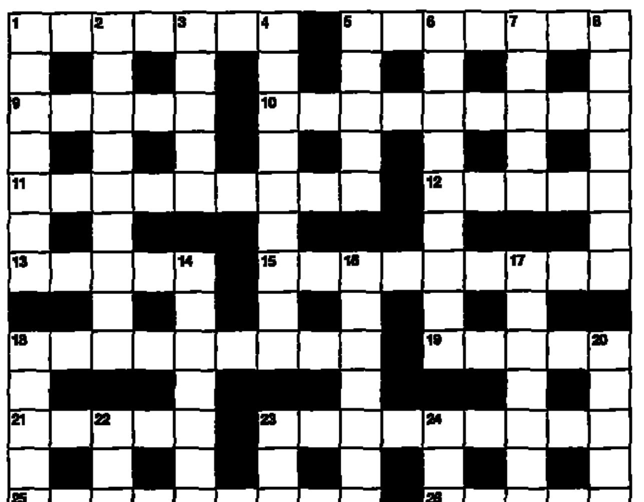
■ CRUDE OIL FOB (per barrel/Apr)		+or-
Dubai	$16.47-6.48z	+0.125
Brent Blend (dated)	$16.74-6.76	+0.06
Brent Blend (Apr)	$16.84-6.86z	+0.06
W.T.I. (1pm est)	$18.55-8.57	+0.035
■ **OIL PRODUCTS NWE prompt delivery CIF (tonne)**		
Premium Gasoline	$172-174	-1
Gas Oil	$147-149	
Heavy Fuel Oil	$107-109	+2
Naphtha	$171-173	+2.5
Jet fuel	$170-171	+0.5
Diesel	$151-152	
Petroleum Argus. Tel. London (0171) 359 8792		
■ **OTHER**		
Gold (per troy oz)♣	$378.40	+1.50
Silver (per troy oz)♣	442.5c	
Platinum (per troy oz.)	$407.00	+1.5
Palladium (per troy oz.)	$152.90	+0.05
Copper (US prod.)	140.0c	+3.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	13.60m	+0.27
Tin (New York)	252.50c	-3.00
Cattle (live weight)†	121.00p	+0.06*
Sheep (live weight)†♠	122.31p	-0.90*
Pigs (live weight)	89.94p	+3.29*
Lon. day sugar (raw)	$362.8	-0.2
Lon. day sugar (wte)	$394.8	-0.7
Tate & Lyle export	£334.0	-6.0
Barley (Eng. feed)	£108.5t	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Apr)♥	120.0p	+1.0
Rubber (May)♥	120.0p	+1.0
Rubber (KL RSS No1)	449.5m	+2.0
Coconut Oil (Phil)§	$650.0y	+5.0
Palm Oil (Malay.)§	$702.5	+12.5
Copra (Phil)§	$400.0y	
Soyabeans (US)	£159.5y	-10.5
Cotton Outlook'A' index	109.60c	+1.20
Wooltops (64s Super)	525p	-3

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Apr/Jun x Apr. y Mar/Apr. q Feb/Apr ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week ⊕ Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,704 Set by QUARK



ACROSS
1 Raise it when mildly surprised (7)
5 Clive? He could be providing the transport (7)
9 A little bit raised by the club? (5)
10 Feel sorry about old measure being distasteful (9)
11 Gave an answer but needs prod after prod (9)
12 When lunch might be taken to appease (5)
13 World shortage when lacking leader (5)
15 Away without cash showing restraint (9)
18 Field worker contributing to the drinks? (3-6)
19 Unusual tour right in Cornwall (5)
21 Works to prepare dough, we hear, for the essentials (5)
23 Film I need to rewind; it's fraught with danger (9)
25 Is series of lectures following degree just talk? (9)
26 The primitive adders (5)
27 The Tate is largely going for change (7)
28 Centre of operations (7)

DOWN
1 Last 'unter to back? (7)
2 What happens in fall first off? Listen in to conversation (9)
3 Proportion of speech without extremities (5)
4 The public's inclination for the UN agency? (5,4)
5 Five paid out for flat (5)
6 Small beer? (4,1,4)
7 Statement of belief in sacred oratorio (5)
8 Make petition in aim mostly a delightful surprise (7)
14 Drop of the hard stuff greets sound quality (9)
16 Binding is something for tying torn net (9)
17 Exert ban orders round university showing excessive spirit? (9)
18 Exhibit picture with shadow being downcast in appearance (7)
20 I'm told about eastern kind of dancing (3-4)
22 Art supporter (5)
23 Drunk before Christmas gives greeting (5)
24 A certain amount of the snooker set up (5)

Solution to Saturday's prize puzzle on Saturday March 18.
Solution to yesterday's prize puzzle on Monday March 20.

INTERNATIONAL CAPITAL MARKETS

Treasuries hit by further fall in dollar

By Maggie Urry in New York and Graham Bowley in London

The continuing decline in the dollar and rumours that the Federal Reserve would call an emergency meeting of the Open Market Committee to discuss the plight of the currency upset the US Treasury bond market yesterday, taking around a point off the long bond. The Fed denied later that such a meeting was planned.

With the dollar trading at Y92.50, down from Y94.05 late on Friday in New York, at midday the benchmark 30-year Treasury was down [illegible] at 100¼ to yield 7.608 per cent. At the short end of the market, the two-year note was [illegible] lower at 99[illegible], yielding 6.977 per cent.

Traders feared the Fed might raise interest rates to make the currency more attractive to international investors. That might jeopardise the expected economic "soft landing" where growth slows, and inflation remains low, without the economy falling into recession.

However, dealers noted that it would be unusual for the Fed to use interest rates to defend the currency. The next scheduled meeting of the FOMC is on March 28.

The Shadow Open Market Committee, a group of academic and business economists, said the Fed "cannot do much to stop the decline [in the dollar] and should not try".

The group said if there were a further tightening in interest rates, a recession next year would be more likely.

The market has little economic news to contend with this week, until the crucial employment data are published on Friday. The numbers are expected to show a slight decline in the unemployment rate after the surprise increase in January.

Some signs of a still strong economy came in statistics for privately-owned housing completions from the US Department of Commerce and Department of Housing. These rose in January to 1.41m, up 1.6 per cent on the December total of 1.39m, itself upwardly revised from 1.35m.

■ Investors flocked to the safe-haven of German government bonds yesterday as other European government bond markets dropped on the turmoil in the foreign currency exchanges.

Dollar weakness and tensions within the European exchange rate mechanism following the devaluation of the Spanish peseta and the Portuguese escudo pushed the D-Mark to record levels against other currencies, boosting German bonds.

GOVERNMENT BONDS

Bund futures on Liffe rose by ½ point before coming off later in the session on the back of US Treasury weakness to end up 0.29 at 91.11.

The bund yield spread below US Treasuries, which closed to parity last week, widened back to 23 basis points.

Traders said there were large bond flows in both the cash and futures markets across all markets. "Trade was not all one way but the general trend was switching into the safety of Germany," said one dealer.

■ UK gilts fell in late trading after sterling came under severe pressure.

Gilts had held up well early in the session on the view that sterling, which is not a member of the ERM, was isolated from the mechanism's problems.

However, the long gilt future on Liffe, which had climbed ¼ point by midday, fell in later trading to end the session down [illegible] at 101[illegible].

Traders have now fixed their attention firmly on Wednesday's monetary policy meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Eddie George, the governor of the Bank of England.

■ The French government bond market was one of the hardest hit in Europe, with the yield spread over bunds moving out to 78 basis points from 69 basis points.

The short-end of the French yield curve saw a particularly strong pick-up in activity.

The spread between the three-month June Pibor contract and the June euromark contract widened to 172 basis points from 142 points on Friday and 112 points a week ago.

However, while overseas investors were aggressive sellers of two-year French paper, domestic institutions, attracted by yields of more than 7.3 per cent, were prepared "to soak up" these bonds, said Mr Mr Steve Major of Crédit Lyonnais in Paris.

"The French market is very good value historically but unlike in past ERM devaluations, money is now staying in the D-Mark," he said.

Other dealers said yesterday's movements were mainly futures-driven and there could be a squeeze back upwards in prices if sentiment changed.

■ Spanish government bonds also dropped sharply following the 7 per cent devaluation of the peseta and a rise in the Bank of Spain's intervention rate.

Italian government bonds fell as the lira weakened and with continued concern over the fate of the "mini-budget". The yield spread over Germany widened to 613 basis points.

Devaluations offer little respite to Iberian bonds

By Graham Bowley and Conner Middelmann

Yesterday's devaluations of the Spanish peseta and the Portuguese escudo are unlikely to bring any respite to the woes of those countries' government bond markets.

With an eye on continuing political uncertainty and rising inflation, which is likely to be boosted further by the devaluations, and with a feeling that this latest move is a further setback to the countries' chances of joining a single European currency, both overseas and domestic investors remain wary of the Iberian markets.

"The Spanish bond market is one that people will not buy until they see better value in it from both a currency and bond perspective," said Mr Stephen Ilott, fund manager at Flemings Investment Management in London.

"Investors will only begin to buy again if the [yield] spread over bunds widens out" and if the Bank of Spain raises interest rates to head off future inflation, he said. The yield premium over German government bonds is currently 490 basis points, up from around 435 a week ago, and he can see it breaking through the key 500 basis point level soon.

The Bank of Spain raised its daily intervention rate by 0.5 percentage points to 8.55 per cent yesterday morning but the bond market's reaction to that and the devaluation was hardly positive. Government bond futures on the Spanish futures exchange fell by more than one point on the day and yields on the 10-year government bond nudged 12.27 per cent.

Until the Bank of Spain acts more decisively on interest rates, said Mr Ilott, investors "will continue to demand a premium for holding Spanish assets".

Mr Marco Pianelli, an economist at the Nomura Research Institute in London, agrees. "There is an underlying problem, which is that short-term interest rates do not offer much protection in an environment like this," he said. "You have to expect the peseta to remain under pressure and the spread on bonds to reach higher levels."

He also expects there to be a steepening of the yield curve, with the yield on longer-dated maturities rising as demand for this paper falls off.

Many foreign investors, who tended to be holders of longer-dated paper, fled the Spanish market during last year's bear market conditions, leaving domestic investors to shoulder the burden. Domestic investors, however, are now reluctant to take on more, he said.

"The long end [of the yield curve] is fragile," he said. "Domestic investors are not looking to take more [bonds] so yields could rise a lot."

Others are more optimistic. "On any sensible measure of medium-term value, Spain is relatively cheap. But we are in a phase where markets are behaving irrationally towards the medium term, and are driven instead by short-term sentiment," said Mr Ceris Williams, director of fixed interest at Rothschild Asset Management.

"It is almost impossible to pick the bottom," he said. "You have to be willing to take the medium term view, otherwise its advisable not to dabble," he said.

Portuguese bonds did not fall as sharply as Spain's, though dealers attributed this partly to the market's poor liquidity. The benchmark 10-year bond fell by 0.65 points to 99.20, yielding 12.01 per cent.

"Considering the scale of declines in Italy, Spain and Sweden, it didn't fall enough," said Mr Alan Bate, who trades Portuguese and Spanish government bonds at UBS. "I think Portugal will fall further to catch up with the others," he said, adding that Portuguese bonds have to offer investors a liquidity premium.

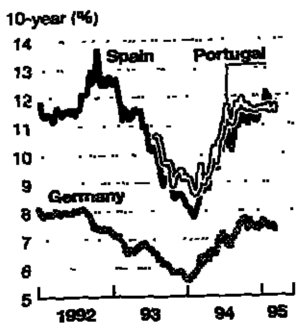
But while the market has been dogged recently by political uncertainty ahead of general elections later this year, some investors feel Portuguese bonds may be a better bet than their Spanish counterparts.

"Portugal is more attractive than Spain: monetary policy is relatively tight, and inflation is lower and set to fall further," said Mr Paul Griffiths, global bond fund manager at GT Management. However, "Portugal is very much suffering a contamination effect from Spain", which is overriding its fundamental advantages, he says.

While his bond fund is heavily overweight in the core European markets – and has been since late 1994 – Mr Griffiths says he may buy Portuguese bonds, rather than Spanish bonds, once currency instability has abated.

"The state of the Portuguese economy is much better than Spain's, but due to the strong trading links between the two countries, the peseta devaluation was too large for the Portuguese authorities to ignore," said Mr John Ferreira, head of Portuguese research at Carnegie, the specialist brokerage house.

Benchmark bond yields



Source: Datastream

Australian dollar sector attracts three borrowers

By Conner Middelmann

Eurobond issuers took cover amid turmoil in the foreign exchange markets. Only the Australian dollar sector, which attracted three borrowers, appeared to offer safe access to capital.

INTERNATIONAL BONDS

Nomura led two Australian dollar deals largely targeted at Japanese investors. One was a A$100m issue of three-year deep-discount bonds for the Treasury Corporation of Victoria, paying a 4.5 per cent coupon and issued at 87.96.

According to one syndicate official, there is significant appetite for Australian dollar assets in Japan and investors felt the Australian dollar could be getting close to its low against the yen.

Volkswagen International Finance issued A$100m of 9.5 per cent five-year bonds, also via Nomura at 99.50. The deal was aimed at retail investors attracted by the high coupon, especially compared with domestic instruments.

Belgium's Kredietbank issued A$100m of 10 per cent three-year bonds. The deal was targeted at investors in the Benelux region attracted by the high coupon, said lead manager Daiwa Europe.

Defying volatile conditions in the Italian bond market, the European Investment Bank increased its recently issued 10.8 per cent four-year bonds by L150bn, bringing the total issue size to L750bn.

The Republic of Ireland is rumoured to be planning a Y10bn to Y15bn issue of 10-year bonds yielding around 4.5 per cent. Morgan Stanley is tipped as lead manager for the deal, which is expected today.

● Moody's Investors Service has placed the long-term ratings of Internationale Nederlanden Bank – Aa2 for its deposits and senior debt, and Aa3 for its subordinated debt – under review for possible downgrade following the announcement that ING plans to buy substantially all of the businesses of Barings, the failed UK merchant bank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
SWISS FRANCS							
ESRA(a)★	100	5.75	101.85	Dec.1999	1.50	-	Merrill Lynch Capital Mkts.
ITALIAN LIRE							
European Investment Bank(b)	*150bn*	*10.80*	*97.84*	Mar.1999	1.50	-	*BCI/CSFB/Deutsche/S.Paolo*
AUSTRALIAN DOLLARS							
Kredietbank Intl. Finance	100	10.00	101.125	Apr.1998	1.375	-	Daiwa Europe
Treasury Corp. of Victoria★	100	4.50#	87.955	Mar.1998	1.375	-	Nomura International
Volkswagen Intl. Finance★	100	9.50#	99.50	Mar.2000	1.375	-	Nomura International

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) European Sovereign Repackaged Assets. Issue launched 27/2/95 was increased to SFr200m. Short 1st coupon. b) Issue launched 7/2/95 was increased to L750bn.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	91.8300	-1.710	10.37	10.06	10.40
Austria		7.500	01/05	99.0700	+0.200	7.63	7.61	7.71
Belgium		7.750	10/04	96.4700	-0.040	8.29	8.22	8.45
Canada *		9.000	12/04	100.5500	-0.800	8.91	8.67	9.52
Denmark		7.000	12/04	87.5700	-0.450	8.96	8.77	9.06
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	95.6500	-0.340	8.13	7.94	8.16
Germany Bund		7.375	01/05	100.1400	+0.320	7.35	7.34	7.54
Ireland		8.250	10/04	82.5500	-0.550	8.80†	8.80	8.78
Italy		9.500	01/05	80.6600	-0.380	13.05	12.68	12.01
Japan	No 119	4.800	06/99	104.7180	+0.500	3.57	3.80	3.80
	No 174	4.600	09/04	102.6660	+0.312	4.21	4.35	4.71
Netherlands		7.750	03/05	101.4600	+0.240	7.54	7.51	7.71
Portugal		8.875	01/04	84.1000	-0.010	11.66	11.65	11.64
Spain		10.000	02/05	87.4400	-1.510	12.23	11.80	11.84
Sweden		6.000	02/05	70.2700	-1.150	11.09	10.72	11.16
UK Gilts		6.000	08/99	90-26	-3/32	8.55	8.55	8.66
		8.500	12/05	98-29	-9/32	8.66	8.65	8.74
		9.000	10/08	102-24	-11/32	8.65	8.63	8.71
US Treasury *		7.500	02/05	100-10	-18/32	7.45	7.28	7.86
		7.625	02/25	100-04	-20/32	7.61	7.51	7.93
ECU (French Govt)		6.000	04/04	84.0900	-0.300	8.58	8.42	8.64

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	5.57	Two year	6.98
Prime rate	9	Two month	5.91	Three year	7.12
Broker loan rate	6½	Three month	5.91	Five year	7.27
Fed.funds	5⅞	Six month	6.26	10-year	7.43
Fed.funds at intervention	-	One year	6.60	30-year	7.61

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.54	111.36	-0.26	111.86	111.24	165,306	98,480
Jun	110.96	110.80	-0.16	111.24	110.66	40,660	41,459
Sep	110.22	110.22	-0.12	110.22	110.22	2	4,890

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Apr	CALLS Jun	CALLS Sep	PUTS Apr	PUTS Jun	PUTS Sep
110	-	-	1.95	0.46	1.00	1.73
111	0.60	1.16	-	0.85	1.39	-
112	0.24	0.69	-	1.49	-	-
113	0.06	0.38	-	-	-	-
114	-	0.19	-	-	-	-

Est. vol. total, Calls 11,417 Puts 20,033. Previous day's open int., Calls 118,291 Puts 163,506.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.67	91.03	+0.21	91.31	90.67	90915	80573
Jun	90.24	90.60	+0.28	90.83	90.18	146582	124852
Sep		90.10	+0.28			0	1657

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9050	0.52	0.78	0.99	1.12	0.42	0.68	0.89	1.52
9100	0.30	0.54	0.75	0.92	0.70	0.94	1.15	1.82
9150	0.16	0.36	0.55	0.74	1.06	1.26	1.45	2.14

Est. vol. total, Calls 7356 Puts 5994. Previous day's open int., Calls 136823 Puts 107671

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.10	93.31	-1.08	94.55	93.30	9775	11828
Jun	93.00	93.36	-0.28	94.12	92.90	43431	47584
Sep		93.26	-0.28			0	0

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
9300	2.41	2.71	2.05	3.35
9350	2.15	2.49	2.29	3.63
9400	1.90	2.29	2.54	3.93

Est. vol. total, Calls 2692 Puts 2583. Previous day's open int., Calls 20509 Puts 15950

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	82.91	82.12	-1.42	83.32	82.11	81,566	35,855
Jun	82.55	81.72	-1.37	83.00	81.70	6,844	10,107

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-23	101-10	-0-11	101-29	101-06	10068	33827
Jun	102-00	101-19	-0-11	102-08	101-12	43522	69957
Sep						0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
101	1-07	1-32	1-54	2-41	0-33	0-58	1-16	1-53
102	0-35	0-62	1-19	2-08	0-62	1-24	1-45	2-20
103	0-15	0-37	0-56	1-44	1-41	1-63	2-18	2-56

Est. vol. total, Calls 3049 Puts 4990. Previous day's open int., Calls 23101 Puts 39196

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	81.46	81.26	-0.30	81.74	81.18	2,453	5,396
Jun	81.38	81.14	-0.28	81.38	81.06	326	2,121

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	102-27	102-10	-0-16	102-27	102-02	52,489	144,275
Jun	102-09	101-25	-0-15	102-10	101-16	456,708	215,231
Sep	101-10	101-11	-0-15	101-12	101-03	492	10,338

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	111.30			111.44	111.28	176	0
Jun	110.53			110.62	110.45	2233	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Mar 6	Day's change %	Fri Mar 3	Accrued interest	xd adj. ytd		Low coupon yield Mar 6	Low coupon yield Mar 3	Low coupon yield Yr. ago	Medium coupon yield Mar 6	Medium coupon yield Mar 3	Medium coupon yield Yr. ago	High coupon yield Mar 6	High coupon yield Mar 3	High coupon yield Yr. ago
1 Up to 5 years (24)	118.77	-0.01	118.79	1.32	2.53	5 yrs	8.58	8.54	6.33	8.62	8.59	6.57	8.77	8.74	6.70
2 5-15 years (21)	139.49	-0.21	139.78	2.38	2.18	15 yrs	8.54	8.50	7.04	8.65	8.62	7.14	8.87	8.83	7.38
3 Over 15 years (9)	154.20	-0.24	154.57	0.83	4.06	20 yrs	8.49	8.46	7.18	8.65	8.62	7.14	8.79	8.76	7.39
4 Irredeemables (6)	178.27	-0.63	179.41	2.38	1.47	Irred.†	8.50	8.45	7.33						
5 All stocks (60)	136.16	-0.15	136.36	1.76	2.81										

Index-linked							Inflation 5% Mar 6	Inflation 5% Mar 3	Inflation 5% Yr. ago	Inflation 10% Mar 6	Inflation 10% Mar 3	Inflation 10% Yr. ago
6 Up to 5 years (2)	189.38	-0.02	189.42	0.74	1.45	Up to 5 yrs	3.70	3.68	2.56	2.37	2.34	1.68
7 Over 5 years (11)	174.00	-0.19	174.34	0.90	0.80	Over 5 yrs	3.92	3.90	3.21	3.73	3.71	3.03
8 All stocks (13)	174.68	-0.16	174.99	0.88	0.86							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 6	Mar 3	Mar 2	Mar 1	Feb 28	Yr ago	High*	Low*
Govt. Secs. (UK)	91.04	91.13	91.32	91.43	91.12	101.54	107.04	89.54
Fixed Interest	109.68	109.85	109.99	109.94	109.80	122.21	133.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27
Gilt Edged bargains	88.8	89.6	113.3	99.6	91.4
5-day average	96.5	96.3	99.9	101.3	100.4

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 6½ 03	1000	90¾	91	-⅛	8.08
Alberta Province 7⅝ 98	1000	100⅛	100⅜	-⅛	7.56
Austria 8½ 00	400	103⅝	103⅞	-¼	7.58
Bank Ned Gemeenten 7 99	1000	98⅜	98½	-⅛	7.42
Bank of Tokyo 8⅛ 96	100	101	101⅜		7.35
Belgium 5½ 03	1000	84⅞	85⅛	-½	7.98
BFCE 7¼ 97	150	100⅞	101¼		7.26
British Gas 0 21	1500	11⅞	12¼	-⅛	8.32
Canada 9 96	1000	101¾	102		7.07
Cheung Kong Fin 5½ 98	500	90	90⅞		8.87
China 6½ 04	1000	86	86⅞	-⅛	8.98
Council Europe 8 98	100	100⅞	101¼	-⅛	7.27
Credit Foncier 9½ 99	300	106⅛	106⅜	-⅛	7.85
Denmark 5¾ 98	1000	95⅝	95⅞	-⅛	7.44
East Japan Railway 6⅝ 04	600	91¼	91⅝	-½	8.02
ECSC 8¼ 96	193	101⅜	101⅝		7.34
EEC 8¼ 96	100	101¼	101½		7.15
EIB 7¾ 96	250	100⅞	101¼		7.00
EIB 9¼ 97	1000	104⅜	104⅝	-¼	7.37
Elec de France 9 98	200	103⅞	104¼	-⅛	7.52
Eurofima 9¼ 96	100	102	102¼		7.14
Ex-Im Bank Japan 8 02	500	101	101⅜	-⅛	7.80
Export Dev Corp 9½ 98	150	105⅛	105¼	-¼	7.60
Federal Natl Mort 7.40 04	1500	98⅛	98⅜	-½	7.83
Finland 6¾ 97	3000	98⅜	98⅝	-⅛	7.55
Ford Motor Credit 6¼ 98	1500	96½	96¾	-⅛	7.73
Gen Elec Capital 9⅜ 96	300	102⅜	102⅝		7.27
GMAC 9⅛ 96	200	101½	101⅞	-⅛	7.54
Ind Bk Japan Fin 7⅞ 97	200	100⅛	100⅜	-⅛	7.79
Inter Amer Dev 7⅜ 98	200	100½	100¾		7.22
Italy 6⅞ 23	3500	79¼	79½	-¼	9.08
Japan Dev Bk 8⅜ 01	500	103⅛	103⅜	-¼	7.70
Kansai Elec Pwr 10 96	350	102⅝	102⅞	-⅛	7.33
Korea Elec Power 6⅜ 03	1350	87⅜	88	-½	8.62
LTCB Fin 8 97	200	100⅜	100¾	-⅛	7.75
Matsushita Elec 7¼ 02	1000	96⅝	97	-⅛	8.01
Norway 7¼ 97	1000	99⅞	100⅛	-⅛	7.30
Ontario 7⅜ 03	3000	96¼	96½	-½	8.18
Oster Kontrollbank 8½ 01	200	103⅞	104⅛	-⅛	7.67
Petro-Canada 7¼ 96	200	100	100⅜	+⅛	7.21
Portugal 5¾ 03	1000	86⅜	86⅝	-½	8.13
Quebec Hydro 9¾ 98	150	105½	105⅞	-⅛	7.89
Quebec Prov 9 98	200	102⅞	103¼	-⅛	7.90
Sainsbury 9¼ 96	150	102⅜	102⅝		7.41
SAS 10 99	200	105⅜	106		8.35
SNCF 9½ 98	150	105⅝	106	-¼	7.52
Spain 6½ 99	1500	95⅝	95¾	-¼	7.68
State Bk NSW 8½ 98	200	101¼	101½	-⅛	7.42
Sweden 6½ 03	2000	91⅝	91⅞	-½	8.09
Swedish Export 6¾ 96	700	101¼	101½	-⅛	7.24
Tokyo Elec Power 6⅛ 03	1000	89	89¼	-⅛	7.98
Tokyo Metropolis 8¼ 96	200	101⅛	101⅝		7.30
Toyota Motor 5⅝ 98	1500	95½	95¾	-⅛	7.33
United Kingdom 7¼ 02	3000	97⅝	97⅞	-½	7.69
World Bank 8⅜ 99	1500	103⅞	104	-¼	7.49
World Bank 8¾ 97	1500	103⅜	103⅝	-⅛	7.16
United Kingdom 7¼ 97	5500	101⅝	101⅞	+⅛	6.42
Volkswagen Intl Fin 7 03	1000	95⅛	95⅝	+⅛	7.82
World Bank 0 15	2000	22¾	23	+⅛	7.38
World Bank 5⅞ 03	3000	89¾	89⅞	+¼	7.52
World Bank 8¾ 00	1250	110⅛	110⅝	-⅛	6.36

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Austria 6½ 24	2000	83¾	84⅛	+⅛	7.95
Credit Foncier 7¼ 03	2000	98	98⅜	+½	7.59
Denmark 6⅛ 98	2000	98⅜	98⅝		6.71
Depfa Finance 6½ 03	1500	92¼	92½	+¼	7.83
Deutsche Bk Fin 7½ 03	2000	99	99¼	-⅛	7.67
EEC 6½ 00	2900	98¼	98⅝	+⅛	6.92
EIB 6¼ 00	1500	96¾	97⅛		7.03
Finland 7½ 00	3000	101½	101⅞		7.12
Italy 7¼ 98	5000	100¾	100⅞	+⅛	6.95
LKB Baden-Wuert 6½ 98	2250	89¾	90	+⅛	7.74
Norway 6⅛ 98	1500	98⅝	98⅞	+⅛	6.61
Ontario 6¼ 04	1500	90¼	90⅜	+¼	7.81
Spain 7¼ 03	4000	97⅞	98	+⅛	7.61
Sweden 8 97	2500	102⅞	103⅛	+⅛	6.76

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Asian Dev Bank 6 10	100	102¾	103½		5.73
Austria 4½ 00	1000	98	98⅛		4.96
Council Europe 4¾ 98	250	99¾	100¼	-¼	4.84
Denmark 4¼ 99	1000	97¼	97½	-⅛	4.93
EIB 6¾ 04	300	107½	108		5.71
Elec de France 7¼ 06	100	110	111		5.97
Finland 7¼ 99	300	107¼	107½	-¼	5.41
Hyundai Motor Fin 8½ 97	100	106	107		5.64
Iceland 7⅞ 00	100	109	109½		5.63
Kobe 6⅜ 01	240	104¾	105½	-¼	5.47
Ontario 6¼ 03	400	102	102¼		5.92
Quebec Hydro 5 08	100	86½	86¾	+¼	6.57
SNCF 7 04	450	110	111		5.62
World Bank 5 03	150	98¼	98¾		5.26
World Bank 7 01	600	108¼	108½		5.35

YEN STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Belgium 5 99	75000	105½	105¾	+¼	3.72
EIB 6⅛ 00	100000	112¾	113	+¼	3.79
Finland 6¾ 96	50000	104⅛	104⅝		2.46
Inter Amer Dev 7¼ 00	30000	115	115¼	-⅛	3.99
Italy 3½ 01	300000	94⅛	94½		4.59
Japan Dev Bk 5 99	100000	105⅞	106	+¼	3.56
Japan Dev Bk 6½ 01	120000	113¼	113½	+¼	4.14
Nippon Tel Tel 5⅞ 98	50000	104¾	105		2.70
Norway 5⅜ 97	150000	104⅞	105		2.76
SNCF 6¼ 00	30000	113⅛	113⅜	+⅛	3.81
Spain 5¼ 02	125000	108⅛	108¼	+⅛	4.38
Sweden 4½ 98	150000	103¾	104	+⅛	3.25
World Bank 5¼ 02	250000	106½	106⅝	+¼	4.22

OTHER STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Genfinance Lux 9⅛ 99 LFr	1000	104¾	105¾		7.72
IKB Deut Industbk 8½ 03 LFr	3000	100½	101½		8.40
World Bank 8 96 LFr	1000	101⅛	101¾		6.90
ABN Amro 6⅝ 00 Fl	1000	97¾	98	+¼	7.16
Bank Ned Gemeenten 7 03 Fl	1500	96½	96⅞	+⅛	7.60
Alberta Province 10⅝ 98 C$	500	101¾	102⅛	-⅛	9.56
Bell Canada 10⅝ 99 C$	150	104½	105⅛	-⅛	9.29
British Columbia 10 96 C$	500	101½	101¾	-⅛	8.61
EIB 10⅛ 98 C$	130	104⅛	105	-¼	8.51
Elec de France 9¾ 99 C$	275	102⅝	103⅛	-⅛	8.99
Gen Elec Capital 10 96 C$	300	101½	102	-⅛	8.62
KfW Int Fin 10 01 C$	400	103¼	103¾	-⅛	9.27
Nippon Tel Tel 10¼ 99 C$	200	104¼	104⅝	-⅛	9.06
Ontario 8 03 C$	1500	92¾	93⅛	-⅛	9.53
Ontario Hydro 10⅞ 99 C$	500	105½	105⅞	-½	9.18
Oster Kontrollbank 10¼ 99 C$	150	104⅛	104⅜	-⅛	9.01
Quebec Prov 10½ 98 C$	200	103½	104	-⅛	9.32
Belgium 9⅛ 96 Ecu	1250	101¼	102	-⅛	7.29
Council Europe 9 01 Ecu	1100	101⅞	102¼	-⅛	8.60
Credit Lyonnais 9 96 Ecu	125	101¼	101¾	-⅛	7.80
EIB 10 97 Ecu	1125	103⅞	104⅛	-⅛	7.76
Ferro del Stat 10⅛ 98 Ecu	500	104	104½	-⅛	8.48
Italy 10¾ 00 Ecu	1000	108¼	108⅝	-⅛	8.67
Spain 9 96 Ecu	1000	101¼	102	-⅛	7.39
United Kingdom 9⅛ 01 Ecu	2750	103⅛	103½	-⅛	8.43
AIDC 10 99 A$	100	98⅞	99⅜	-¼	10.31
Comm Bk Australia 13¼ 99 A$	100	111¼	111¾	-⅛	10.48
EIB 7¾ 99 A$	350	93⅞	94¼	-½	9.71
NSW Treasury Zero 0 20 A$	1000	8¼	9	-¼	9.94
R & I Bank 7¾ 03 A$	125	84	84⅜	-¼	10.76
State Bk NSW 9 02 A$	300	91⅞	92¼	-½	10.60
Sth Aust Govt Fin 9 02 A$	150	91¼	91⅝	-¼	10.73
Unilever Australia 12 98 A$	150	104⅛	104⅝	-¼	10.35
Western Aust Treas 7⅝ 98 A$	100	93⅛	93½		10.23
Abbey Natl Treasury 8 03 £	1000	92¼	92⅝	-¼	9.41
Alliance Leics 11⅛ 97 £	100	105⅛	105⅜		8.65
British Land 8⅞ 23 £	150	89	89⅜	-⅛	10.30
Denmark 6¾ 98 £	800	94	94¼	-⅛	8.81
EIB 8 03 £	1000	93¾	94	-⅛	9.10
Halifax 10⅜ 97 £	100	103¼	103⅝	-⅛	8.53
Hanson 10⅜ 97 £	500	103⅛	103½	-⅛	8.94
HSBC Holdings 11.69 02 £	153	109⅛	109½	-⅛	9.87
Italy 10½ 14 £	400	104⅜	104⅝	-½	9.97
Japan Dev Bk 7 00 £	200	91¾	92	-⅛	8.91
Land Secs 9½ 07 £	200	98⅝	99⅛	-¼	9.69
Ontario 11⅛ 01 £	100	107⅞	108⅛	-¼	9.33
Powergen 8⅞ 03 £	250	97	97⅜	-⅛	9.42
Severn Trent 11½ 99 £	150	108⅛	108½		9.12
Tokyo Elec Power 11 01 £	150	108	108⅜	-¼	9.24
Abbey National 0 96 NZ$	100	86¾	87½		9.43
TCNZ Fin 9¼ 02 NZ$	75	99¾	100¾	-⅛	9.28
Credit Local 6 01 FFr	7000	89¼	89½	-¼	8.14
Elec de France 8¾ 22 FFr	3000	100½	101	-⅝	8.69
SNCF 9¼ 97 FFr	4000	103⅜	103⅝		7.44

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.56	99.66	6.2500
Belgium 1/16 97 DM	500	100.09	100.19	5.3750
BFCE -0.02 96	350	99.84	99.96	6.2300
Britannia 0.10 96 £	150	99.96	100.06	6.8500
Canada -⅛ 99	2000	99.20	99.26	6.0000
CCCE 0.06 Ecu	200	99.23	99.43	6.0781
Credit Lyonnais ¼ 00	300	97.37	97.84	6.6875
Denmark -⅛ 96	1000	99.68	99.79	6.1875
Dresdner Finance ½ 98 DM	1000	99.99	100.08	5.0938
Ferro del Stat 0.10 97	420	99.97	100.13	6.2250
Finland 0 97	1000	100.07	100.15	6.7500
IMI Bank Intl ¼ 99	500	100.02	100.11	6.4375
Italy ¼ 98	2000	100.05	100.13	6.6250
LKB Baden-Wuert Fin -⅛ 98	1000	99.44	99.53	5.8750
Lloyds Bank Perp S 0.10	600	83.25	84.25	6.5375
Malaysia 1/16 05	650	99.32	99.67	5.9375
New Zealand -⅛ 99	1000	99.80	99.88	6.3750
99 USD 500mil 1/16 99	500	99.63	99.73	6.4375
Ontario 0 99	2000	99.44	99.58	6.2500
Renfe 0 98	500	99.41	99.58	6.0000
Societe Generale 0 96	300	99.65	99.77	5.4750
Staatsbank Berlin -0.05 96 DM	5000	99.96	99.99	5.1493
State Bk Victoria 0.05 99	125	99.87	100.06	6.9875
Sweden 0 98	1500	99.86	99.93	6.2500
Sweden -⅛ 01	2000	99.83	99.92	6.1250
United Kingdom -⅛ 96	4000	99.90	99.94	6.2500

CONVERTIBLE BONDS	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	93¾	94½	+58.77
Chubb Capital 6 98	250	66	103	104	+13.93
Gold Kalgoorlie 7½ 00	65	1.0554	93¾	94¾	+44.93
Hanson 9½ 06 £	500	2.5875	102⅞	103¾	+13.45
Hanson America 2.39 01	420	30.8756	74½	75½	+25.18
Hong Kong Land 4 01	410	31.05	76¾	77¾	-23.55
Land Secs 6¾ 02 £	84	6.72	93⅞	95⅛	+6.92
Lasmo 7¾ 05 £	90	5.64	85¼	86⅝	
Mitsui Bank 2⅝ 03	200	2332.6	75¼	77¼	+8.37
Mount Isa Fin 6½ 97	100	2.283	95	96	+47.66
Natl Power 6¼ 08 £	250	4.33	108	109	+2.44
Ogden 6 02	85	39.077	83⅛	84⅜	+53.32
Pennzoil 4¾ 03	500	58.8097	92	93½	+15.42
Sumitomo Bank 3⅛ 04	300	3606.9	77	78	+15.28
Sun Alliance 7¼ 08 £	155	3.9	91⅞	92⅞	+15.08
Tesco Capital 9 05 £	200	2.51	114⅛	115⅜	+14.38
Texas Instruments 2¾ 02	300	82⅞	105⅞	106⅞	+1.44

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Shorts" (Lives up to Five Years)						
Exch 3pc Gas 1990-95	3.02	8.78	99⅝	—	103⅛	97¾
10¼pc 1995	10.10	6.58	101⅛	—	107¾	101⅛
Treas 12¾pc 1995‡‡	12.26	6.85	103⅞	—	113⅝	103⅞
14pc 1996	13.22	7.01	105⅞	—	117⅞	105⅞
15¼pc 1996‡‡	14.02	7.26	108¾	—	121⅞	108¾
Exch 13¼pc 1996‡‡	12.43	7.39	106⅝	—	117⅞	106½
Conversion 10pc 1996	9.86	7.73	103⅜	—	112½	103⅜
Treas Cnv 7pc 1997‡‡	7.15	8.04	97⅞	—	100⅝	96⅝
Treas 13¼pc 1997‡‡	12.14	7.91	109⅛	—	121⅞	109⅛
Exch 10½pc 1997	10.04	7.95	104⅝	—	114½	104⅝
Treas 8¾pc 1997‡‡	8.64	8.14	101⅜	—	110⅜	100⅞
Exch 15pc 1997	12.96	8.26	115⅞	—	131⅞	115⅞
9¾pc 1998	9.42	8.36	103½	—	114⅞	102⅞
Treas 7¼pc 1998‡‡	7.47	8.39	97⅛xd	-⅛	106⅛	95⅝
Treas 6¾pc 1995-98‡‡	7.06	8.40	95⅝	-⅛	102	93⅞
14pc 1998-1	12.16	8.53	115⅛	-⅛	131⅛	114⅞
Treas 15½pc '98‡‡	12.78	8.45	121⅛xd	-⅛	140⅛	120⅞
Exch 12pc 1998	10.84	8.56	110⅝	-⅛	125⅞	109⅞
Treas 9½pc 1999‡‡	9.21	8.52	103⅛	-⅛	118⅛	100⅞
Exch 12¼pc 1999	10.90	8.59	112⅛xd	-⅛	128⅛	111⅞
Treas 10½pc 1999	9.84	8.56	106⅞	-⅛	121⅛	105⅞
Treas 6pc 1999 ‡‡	6.60	8.53	90⅞	-⅛	101⅞	88½
Conversion 10¼pc 1999	9.66	8.64	106⅛	-⅛	121⅞	104⅞
Treas Flg Rate 1999	-	-	99⅞xd	—	100⅛	99⅞
Five to Fifteen Years						
Treas 8pc 2000‡‡	8.20	8.54	97⅝	-⅛	98⅝	96
Conv 9pc 2000‡‡	8.85	8.58	101⅝	-⅛	115⅛	99⅝
Treas 13pc 2000	11.01	8.71	118⅛	-⅛	138⅞	116⅞
10pc 2001	9.44	8.72	105⅞	-⅛	122⅛	103½
7pc 2001 ‡‡	7.63	8.65	91¾	-⅛	105⅛	88⅞
9¾pc 2002	9.27	8.79	105⅛	-⅛	123⅛	103⅞
8pc 2003‡‡	8.35	8.73	95⅞	-⅛	113⅞	92⅞
10pc 2003	9.34	8.81	107⅛xd	-⅛	127⅛	104½
Treas 11½pc 2001-4	10.26	8.87	112⅛xd	-⅛	129⅞	109⅞
Funding 3½pc 1999-4	4.71	7.40	74⅛	-¼	86⅛	69¼
Conversion 9½pc 2004	9.08	8.78	104⅞	-⅛	125⅛	101⅞
Treas 6¾pc 2004‡‡	7.70	8.66	87⅝	-⅛	105⅛	84⅞
8½pc 2005‡‡	8.59	8.64	99	-⅛	100⅞	97
Conv 9½pc 2005	9.04	8.74	105⅛	-⅛	125½	102⅛
Treas 12½pc 2003-5	10.33	8.88	120⅞	-⅛	143⅛	118⅛
7¾pc 2006‡‡	8.30	8.67	93⅜xd	-⅛	112⅞	90⅛
8pc 2002-6‡‡	8.42	8.70	95⅛xd	-⅛	111⅝	91⅞
Treas 11¾pc 2003-7	10.19	9.00	115⅛	-⅛	136⅛	112¾
Treas 8½pc 2007 ‡‡	8.60	8.65	98⅞	-⅛	118⅛	95⅞
13½pc 2004-8	10.58	8.99	127⅝xd	-⅛	151⅛	124⅞
Treas 9pc 2008 ‡‡	8.75	8.64	102⅞	-⅛	124⅞	99⅞
Treas 8pc 2009	8.42	8.63	95⅛xd	-¼	115⅛	91⅞
Over Fifteen Years						
Treas 6 1/4pc 2010	7.76	8.52	80⅞	-⅛	98⅛	77⅞
Conv 9pc Ln 2011 ‡‡	8.70	8.61	103⅞	-¼	126⅞	100⅞
Treas 9pc 2012‡‡	8.68	8.59	103⅞	-⅛	127⅝	100⅛
Treas 5½pc 2008-12‡‡	7.41	8.36	74¼xd	—	93⅞	71¼
Treas 8pc 2013‡‡	8.42	8.54	95xd	-¼	117⅞	92
8pc 2015	8.40	8.49	95⅛	-⅛	96⅞	94⅞
7¾pc 2012-15‡‡	8.36	8.54	92⅞	-⅛	114⅛	89⅞
Treas 8¾pc 2017‡‡	8.55	8.51	102⅞	-⅛	128¾	99⅛
Exch 12pc 2013-17	9.27	8.76	129½	-⅛	159½	126⅛
Undated						
Consols 4pc	8.70	-	46	-⅝	59¾	44⅞
War Loan 3½pc‡‡	8.45	-	41⅜	-¼	54⅞	39⅞
Conv 3½pc '61 Aft.	6.02	-	58⅛xd	-⅛	71	55⅛
Treas 3pc '66 Aft.	8.60	-	34⅞xd	+¼	44⅞	33⅞
Consols 2½pc	8.46	-	29⅛xd	-⅛	38½	28⅛
Treas. 2½pc	8.58	-	29⅛xd	-⅛	37⅝	27⅞

Index-Linked (b)	Notes	Yield (1)	Yield (2)	Price £	+ or -	1994/95 High	1994/95 Low
2pc '96	(67.9)	2.00	3.65	204⅞xd	-⅛	204⅞	197⅞
4⅝pc '98‡‡	(135.6)	2.82	3.71	107⅞	-⅛	113⅛	106⅛
2½pc '01	(78.3)	3.45	3.88	167⅞xd	-⅛	176⅞	163½
2½pc '03	(78.8)	3.54	3.88	163⅛	-⅛	173⅝	159⅛
4⅜pc '04‡‡	(135.6)	3.57	3.90	108⅞	-⅛	118⅞	107⅛
2pc '06	(69.5)	3.63	3.88	169⅞	-⅛	184⅞	165⅛
2½pc '09	(78.8)	3.68	3.90	153⅛	-⅛	168⅛	149⅛
2½pc '11	(74.6)	3.72	3.91	158⅛	-⅛	175⅛	154⅛
2½pc '13	(89.2)	3.73	3.91	130⅛	-⅛	146⅛	126⅛
2½pc '16	(81.6)	3.76	3.92	138⅞	-⅛	157⅛	134⅛
2½pc '20	(83.0)	3.78	3.92	132⅞	-⅛	152⅞	128½
2½pc '24‡‡	(97.7)	3.78	3.91	109⅞	-⅛	129⅛	106⅛
4⅛pc '30‡‡	(135.1)	3.80	3.94	109⅞	-⅛	128⅞	105⅞

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for June 1994: 144.7 and for January 1995: 146.0.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Asian Dev 10¼pc 2009	9.29	8.36	110⅛	-⅛	138⅛	107⅛
B'ham 11½pc 2012	9.79	9.55	117½	-½	142	115
Ireland Cap 8½pc '10	8.65	-	98¼	-⅛	116½	95¼
9pc Cap 1985	8.93	-	100⅛	-⅛	103½	99⅛
13pc '97-2	12.06	-	107⅞	-⅛	115⅛	106
Hydro Quebec 15pc 2011	10.64	9.87	141	-⅛	169⅞	137⅞
Leeds 13½pc 2006	10.57	-	127⅝	+¼	149¾	125
Liverpool 3½pc Irred	9.48	-	37	—	44¾	33¾
LCC 3pc '20 Aft	9.23	-	32½	-	40½	28¼
Manchester 11½pc 2007	10.02	9.50	114⅞	-⅛	136⅛	111⅞
Met. Wtr. 3pc 'B'	4.30	8.12	69⅞	-	78	69½
N'wide Anglia 3⅝pc 2021	-	4.82	131½	-⅛	150⅛	129⅛
4⅛pc IL 2024	-	4.59	125½	-1	145⅛	123⅞
Utd Mex States 16½pc 2008	14.04	-	117½	—	159½	117½

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark drives dollar and sterling to fresh lows

Foreign exchange markets experienced renewed turbulence yesterday as the dollar fell to new lows and various European currencies came under pressure following the weekend devaluation of the peseta and the escudo, *writes Philip Gawith*.

The dollar touched new lows against the yen and the swiss franc, while it matched its all time low against the D-Mark of DM1.3860. Aside from Bank of Japan purchases during Asian trading, there was no sign of central bank support following Friday's unsuccessful efforts.

In Europe the lira fell below L1,200 for the first time, and the French franc reached a new record low against the D-Mark of FFr3.5510. Other currencies which reached new record lows included the peseta and the escudo, as well as the Swedish krone.

The Spanish central bank also raised its daily money market rate by 50 basis points to 8.55 per cent.

After holding up reasonably well for much of the day, especially against the dollar, sterling plummeted in thin, late afternoon trading conditions. From $1.65 and DM2.31, it fell below $1.62 and DM2.27, the latter a historic low.

In Mexico, the peso was offered at 7 pesos to the dollar at one stage, before finishing 88 centavos lower at 6.85 pesos per dollar. Uncertainty about how the government planned to deal with the economic crisis prompted peso selling.

In Brazil, meanwhile, the government announced a new foreign exchange policy which defines an exchange rate band within which the real currency will float against the dollar.

■ While central banks were notable for their absence, the prospect of heavy intervention to support the dollar was sufficient to make traders nervous of establishing aggressive short positions.

■ Pound in New York

Mar 6	—Latest—	– Prev. close –
£ spot	1.6340	1.6295
1 mth	1.6336	1.6281
3 mth	1.6328	1.6261
1 yr	1.6227	1.6175

The dollar fell sharply during Asian trading to a fresh low of Y92.70 and DM1.3860, equivalent to the previous all-time low reached in September 1992.

During European trading it moved in a fairly narrow range around DM1.3935-DM1.4052 and Y92.40/Y93.10.

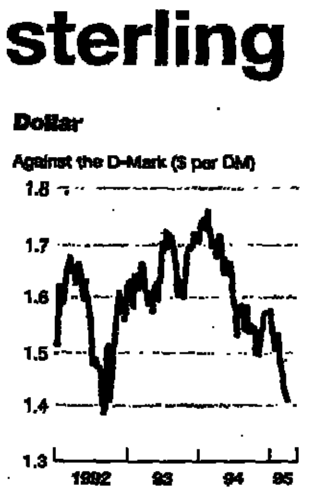
In the absence of any change to policy fundamentals in the US, Germany or Japan, market expectations are that the dollar will probably still sink lower this week.

Most analysts believe that the ball is in the US's court. Opinion is unanimous that the Bundesbank will not cut rates to support the dollar. "Their attitude," said one "is that they talked it down and they must talk it up."

In fact a feature of recent days has been the lack of "verbal intervention" to talk up the dollar. The only comment so far came from Mr Robert Rubin, the treasury secretary, on Friday.

Dollar

Against the D-Mark ($ per DM)



Source: FT Graphite

This silence on the dollar's plight is likely only to confirm market suspicions that the administration is unconcerned about the current level of the dollar.

One theory is that the US Treasury will only become concerned about the dollar when it starts to affect bond and equity prices. There were some early signs of this yesterday.

The weakness in the US and Mexican currencies has spilled over into Canada, which is also heavily dependent on foreign capital to finance a large current account deficit.

The Canadian dollar lost more than half a cent in early trading and was at 70.52 US cents at midday in Toronto, more than wiping out the gains which followed last week's tough federal budget.

■ The peseta was the main focus in Europe. It was unclear whether the early devaluation, which had sought to wrong-foot the market by preventing it having a target to aim at, had worked.

Mr David Cocker, economist at Chemical Bank in London, said a devaluation only worked when backed up by suitable policy moves. In the case of Spain markets are concerned about political uncertainty, rising inflation and whether the government will meet its fiscal deficit target. There is little to cause for comfort on any of these scores.

"The peseta looks just as vulnerable to me as it did first things this morning," said Mr Cocker.

The most vulnerable currencies have been those where there are concerns about politics or deficits. Spain and Italy have been countries suffering on both fronts.

■ The Bank of England cleared a £650m money market shortage at established rates in its daily operations.

■ OTHER CURRENCIES

Mar 6	£	$
Hungary	178.787 - 179.080	108.970 - 109.070
Iran	2859.81 - 2871.21	1748.00 - 1750.00
Kuwait	0.4853 - 0.4859	0.2958 - 0.2960
Poland	3.8855 - 3.8897	2.3682 - 2.3693
Russia	7522.57 - 7522.56	4582.00 - 4555.00
U.A.E.	6.0253 - 6.0303	3.6724 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Mar 6		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.2074	-0.2123	973 - 175	16.7844	16.1860	16.1949	0.9	16.1612	1.1	-	-	107.9
Belgium	(BFr)	47.5046	-0.4824	819 - 272	48.5540	47.4310	47.4746	0.8	47.3896	1.0	46.9346	1.2	110.0
Denmark	(DKr)	9.2835	+0.0304	773 - 896	9.3960	9.2335	9.2848	-0.2	9.2836	0.0	9.2451	0.4	107.2
Finland	(FM)	7.1135	-0.0116	080 - 189	7.1710	7.0480	-	-	-	-	-	-	87.1
France	(FFr)	8.1707	-0.0241	641 - 773	8.3040	8.1411	8.1668	0.6	8.1636	0.3	8.1373	0.4	108.4
Germany	(DM)	2.3023	-0.0258	009 - 036	2.3217	2.2785	2.2994	1.5	2.2931	1.6	2.2578	1.9	113.5
Greece	(Dr)	367.465	-5.497	189 - 741	378.727	366.360	-	-	-	-	-	-	70.0
Ireland	(I£)	1.0057	-0.0019	049 - 064	1.0222	1.0045	1.0059	-0.2	1.0053	0.2	1.0034	0.2	97.3
Italy	(L)	2717.39	+25.99	577 - 902	2786.72	2704.86	2727.89	-4.5	2743.94	-3.9	2770.89	-2.0	67.3
Luxembourg	(LFr)	47.5046	-0.4824	819 - 272	48.5540	47.4310	47.4746	0.8	47.3896	1.0	46.9346	1.2	110.0
Netherlands	(Fl)	2.5821	-0.0821	805 - 837	2.6430	2.5785	2.5791	1.4	2.5722	1.5	2.5343	1.8	110.1
Norway	(NKr)	10.2486	-0.0467	426 - 546	10.3754	10.2158	10.2473	0.1	10.245	0.1	10.2333	0.1	99.7
Portugal	(Es)	242.896	+0.856	660 - 136	244.922	239.529	243.486	-3.0	245.148	-3.7	-	-	96.5
Spain	(Pta)	209.581	+3.725	353 - 809	210.294	205.688	210.061	-2.7	210.936	-2.6	215.331	-2.7	77.8
Sweden	(SKr)	11.8601	+0.0596	396 - 806	12.0219	11.7869	11.8523	-0.2	11.8564	-0.2	11.872	-0.2	79.0
Switzerland	(SFr)	1.9292	-0.0404	276 - 305	1.9572	1.9250	1.9245	2.9	1.9157	2.8	1.8701	3.1	112.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.7
Ecu	-	1.2478	-0.0064	469 - 486	1.2729	1.2456	1.248	-0.1	1.247	0.3	1.2413	0.5	-
SDR†	-	1.067996	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6415	+0.0165	409 - 420	1.6568	1.6306	-	-	-	-	-	-	-
Brazil	(Cr)	1.4221	+0.0272	192 - 250	1.4449	1.3990	-	-	-	-	-	-	-
Canada	(C$)	2.3252	+0.0493	241 - 263	2.3375	2.2941	2.3269	-1.8	2.3348	-1.7	2.3399	-0.6	80.2
Mexico	(New Peso)	10.7417	+0.9363	974 - 860	10.8849	10.3048	-	-	-	-	-	-	-
USA	($)	1.6412	+0.0164	407 - 417	1.6566	1.6305	1.6409	0.2	1.6399	0.3	1.6299	0.7	91.7
Pacific/Middle East/Africa													
Australia	(A$)	2.2192	+0.0213	178 - 206	2.2206	2.2185	2.2219	-1.5	2.2279	-1.6	2.2569	-1.7	82.5
Hong Kong	(HK$)	12.6886	+0.1256	839 - 933	12.8067	12.6074	12.6877	0.1	12.7141	-0.8	12.6138	0.6	-
India	(Rs)	52.2066	+0.7345	579 - 553	52.6700	51.7360	-	-	-	-	-	-	-
Israel	(Shk)	4.8834	+0.0641	778 - 890	4.9566	4.8155	-	-	-	-	-	-	-
Japan	(Y)	152.492	-0.584	388 - 596	154.890	152.290	151.952	4.2	150.817	4.4	144.732	5.1	154.8
Malaysia	(M$)	4.1777	+0.0342	756 - 796	4.2239	4.1545	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5497	+0.008	469 - 524	2.5524	2.5456	2.5562	-3.1	2.5667	-2.7	2.592	-1.7	96.7
Philipines	(Peso)	41.9327	-0.1484	379 - 275	42.0275	42.2433	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1552	+0.0618	530 - 574	6.2127	6.1152	-	-	-	-	-	-	-
Singapore	(S$)	2.3527	+0.0034	511 - 542	2.3983	2.3499	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.8283	+0.0267	253 - 313	5.9053	5.7910	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.3137	+0.0015	954 - 320	6.4067	6.2964	-	-	-	-	-	-	-
South Korea	(Won)	1292.20	+7.75	172 - 267	1307.88	1289.07	-	-	-	-	-	-	-
Taiwan	(T$)	43.0783	+0.3169	569 - 996	43.5114	42.8479	-	-	-	-	-	-	-
Thailand	(Bt)	40.7510	+0.2947	222 - 798	41.1170	40.5140	-	-	-	-	-	-	-

†SDR rates per £ for Mar 3. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.8754	-0.2306	722 - 785	9.9100	9.8105	9.8649	1.3	9.8429	1.3	9.7244	1.5	107.1
Belgium	(BFr)	28.9450	-0.59	400 - 500	29.3200	28.7500	28.9525	-0.3	28.9	0.6	28.795	0.5	108.9
Denmark	(DKr)	5.6565	-0.0386	545 - 585	5.6676	5.6001	5.6562	0.1	5.661	-0.3	5.6715	-0.3	106.9
Finland	(FM)	4.3343	-0.051	323 - 363	4.3510	4.2841	4.3325	0.5	4.3368	-0.2	4.3318	0.1	85.9
France	(FFr)	4.9785	-0.0652	760 - 810	5.0150	4.9395	4.9818	-0.8	4.9868	-0.7	4.992	-0.3	107.8
Germany	(DM)	1.4028	-0.0301	024 - 032	1.4193	1.3870	1.4013	1.3	1.3983	1.3	1.3853	1.2	111.4
Greece	(Dr)	223.900	-5.65	800 - 000	227.500	222.050	226.4	-13.4	230.65	-12.1	248.4	-10.9	68.4
Ireland	(I£)	1.6321	+0.0197	313 - 327	1.6473	1.6280	1.6327	-0.4	1.6315	0.1	1.6269	0.2	-
Italy	(L)	1655.74	-0.76	525 - 622	1692.00	1648.30	1662.49	-4.9	1673.24	-4.2	1730.74	-4.5	68.2
Luxembourg	(LFr)	28.9450	-0.59	400 - 500	29.3200	28.7500	28.9525	-0.3	28.9	0.6	28.795	0.5	108.9
Netherlands	(Fl)	1.5733	-0.0357	728 - 738	1.5960	1.5639	1.5717	1.2	1.5686	1.2	1.555	1.2	108.6
Norway	(NKr)	6.2446	-0.0919	428 - 463	6.2757	6.1836	6.2378	1.3	6.2281	1.1	6.1941	0.8	98.2
Portugal	(Es)	148.000	-0.91	900 - 100	148.230	145.690	148.47	-3.8	149.61	-4.4	154.35	-4.3	96.9
Spain	(Pta)	127.700	+1	600 - 800	127.800	125.840	128.015	-3.0	128.625	-2.9	132.075	-3.4	78.9
Sweden	(SKr)	7.2204	-0.0363	162 - 246	7.2662	7.1658	7.2354	-2.5	7.2644	-2.4	7.4024	-2.5	78.8
Switzerland	(SFr)	1.1755	-0.0368	750 - 760	1.1950	1.1670	1.1729	2.6	1.1683	2.5	1.1475	2.4	110.0
UK	(£)	1.6412	+0.0164	407 - 418	1.6566	1.6305	1.6409	0.2	1.6399	0.3	1.6299	0.7	87.2
Ecu	-	1.3153	+0.0198	148 - 158	1.3217	1.3010	1.3154	-0.1	1.315	0.1	1.3131	0.2	-
SDR†	-	0.683760	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	-	001 - 002	1.0002	1.0001	-	-	-	-	-	-	-
Brazil	(Cr)	0.8665	+0.008	650 - 680	0.8770	0.8650	-	-	-	-	-	-	-
Canada	(C$)	1.4168	+0.016	165 - 170	1.4172	1.4085	1.4193	-2.1	1.4238	-2.0	1.4348	-1.3	80.2
Mexico	(New Peso)	6.5450	+0.51	200 - 700	6.5700	6.5100	6.5458	-0.1	6.5462	-0.1	6.5476	0.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3521	-0.0005	517 - 526	1.3594	1.3397	1.3539	-1.6	1.3585	-1.9	1.3833	-2.3	84.1
Hong Kong	(HK$)	7.7313	-0.0011	308 - 318	7.7318	7.7308	7.7325	-0.2	7.7335	-0.1	7.7383	-0.1	-
India	(Rs)	31.8100	+0.13	900 - 300	31.8500	31.6500	31.89	-3.0	32.135	-4.1	-	-	-
Israel	(Shk)	2.9755	+0.0093	730 - 780	3.0105	2.9350	-	-	-	-	-	-	-
Japan	(Y)	92.9150	-1.3	800 - 500	93.9800	92.6700	92.595	4.1	91.975	4.0	88.84	4.4	154.1
Malaysia	(M$)	2.5455	-0.0048	450 - 460	2.5535	2.5400	2.5435	0.9	2.539	1.0	2.523	0.9	-
New Zealand	(NZ$)	1.5535	-0.0119	523 - 547	1.5612	1.5399	1.5562	-2.1	1.5638	-2.7	1.5905	-2.4	-
Philipines	(Peso)	25.5500	-0.35	000 - 000	25.6000	25.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-	502 - 506	3.7506	3.7502	3.763	-0.8	3.7563	-0.6	3.7679	-0.5	-
Singapore	(S$)	1.4335	-0.0125	330 - 340	1.4438	1.4330	1.4285	4.1	1.4232	2.9	1.3998	2.4	-
S Africa (Com.)	(R)	3.5513	-0.0195	505 - 520	3.5660	3.5215	3.5648	-4.6	3.5995	-5.4	3.7688	-6.1	-
S Africa (Fin.)	(R)	3.8470	-0.038	370 - 570	3.8700	3.8370	3.8745	-8.6	3.9245	-8.1	4.157	-8.1	-
South Korea	(Won)	787.350	-3.2	300 - 400	789.800	787.100	790.35	-4.6	793.85	-3.3	812.35	-3.2	-
Taiwan	(T$)	26.2480	-0.0708	430 - 530	26.2530	26.2050	26.268	-0.9	26.308	-0.9	-	-	-
Thailand	(Bt)	24.8300	-0.07	200 - 400	24.9300	24.7500	24.8425	-0.6	24.8565	-0.4	24.8825	-0.2	-

†SDR rate per $ for Mar 3. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 3. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 6	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	6	5¾	5¾	5⅞	6¼	7.40	4.50	-
week ago	6	5¾	5¾	5⅞	6⅛	7.40	4.50	-
France	5 11/16	6⅛	6¼	6⅝	7¼	5.00	-	6.40
week ago	5 11/16	6⅛	6¼	6½	7	5.00	-	6.40
Germany	4.88	4.95	5.05	5.23	5.65	6.00	4.50	4.85
week ago	5.18	4.95	5.05	5.23	5.68	6.00	4.50	4.85
Ireland	5¼	5¾	6¼	6½	7⅛	-	-	6.25
week ago	5¼	5¾	6¼	6½	7⅛	-	-	6.25
Italy	8⅛	10⅛	10¼	11	11⅝	-	7.50	8.35
week ago	8⅛	10⅛	10	10½	11¼	-	7.50	8.35
Netherlands	4.84	5.01	5.10	5.30	5.74	-	5.25	-
week ago	4.84	5.01	5.13	5.33	5.77	-	5.25	-
Switzerland	3¼	3⅛	3⅜	4¼	4⅛	6.625	3.50	-
week ago	3¼	3⅛	3⅜	4⅛	4⅛	6.625	3.50	-
US	6	6⅛	6¼	6¼	6⅝	-	5.25	-
week ago	6⅛	6⅛	6¼	6½	6⅝	-	5.25	-
Japan	2⅛	2¼	2¼	2⅜	2¼	-	1.75	-
week ago	2⅛	2¼	2¼	2⅜	2¼	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6½	6⅝	-	-	-
week ago	-	6⅛	6¼	6¼	6⅝	-	-	-
US Dollar CDs	-	5.94	6.08	6.34	6.82	-	-	-
week ago	-	5.94	6.03	6.19	6.54	-	-	-
SDR Linked Ds	-	4⅝	4¾	4⅞	4⅞	-	-	-
week ago	-	4⅝	4⅞	5⅛	5¼	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6⅜; 6 mths: 6½; 1 year: 7. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 6	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5¼ - 5⅛	5 5/16 - 5 3/16	5¼ - 5⅛	5 13/16 - 5 11/16	6 - 5⅞	6½ - 6⅜
Danish Krone	5⅜ - 5¼	5¾ - 5½	5¾ - 5½	6 - 5 13/16	6 5/16 - 6 1/16	6 15/16 - 6⅝
D-Mark	4⅝ - 4½	4⅞ - 4¾	4 13/16 - 4 11/16	5 1/16 - 4 15/16	5⅜ - 5 3/16	5⅝ - 5½
Dutch Guilder	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5 5/16 - 5⅛	5⅜ - 5 5/16	5 13/16 - 5 11/16
French Franc	6¼ - 6⅛	6¼ - 6⅛	6⅞ - 6¾	6⅞ - 6¾	6 15/16 - 6 13/16	7¼ - 7⅛
Portuguese Esc.	9 - 8⅞	9¼ - 9	10 - 9⅞	10⅞ - 10⅝	11 - 10⅞	11½ - 11¼
Spanish Peseta	8⅜ - 8⅛	8⅞ - 8⅝	9 - 8¾	9¼ - 9	9 13/16 - 9 9/16	10⅝ - 10⅜
Sterling	6¾ - 5½	5 15/16 - 5 13/16	6⅜ - 6 5/16	6 21/32 - 6 19/32	7 1/16 - 6 15/16	7¾ - 7 11/16
Swiss Franc	3¾ - 3⅝	3 13/16 - 3 9/16	3 13/16 - 3 11/16	3⅞ - 3¾	4 1/16 - 3 15/16	4 7/16 - 4 5/16
Can. Dollar	8⅛ - 7⅞	8⅛ - 7⅞	8 5/16 - 8 1/16	8¼ - 8⅛	8¼ - 8⅛	8 9/16 - 8 7/16
US Dollar	6 1/16 - 5 15/16	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛	6½ - 6⅜	6 15/16 - 6 13/16
Italian Lira	10½ - 9	10 11/16 - 10 7/16	10⅝ - 10½	10¾ - 10⅝	11 - 10⅞	11⅝ - 11½
Yen	2¼ - 2⅛	2¼ - 2⅛	2 11/32 - 2 9/32	2⅜ - 2¼	2⅜ - 2¼	2 13/32 - 2 11/32
Asian $Sing	2⅛ - 2	1⅞ - 1¾	2¼ - 2⅛	2¾ - 2⅝	3⅜ - 3¼	4 1/16 - 3 15/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.16	92.97	-0.39	93.26	92.92	44,194	37,051
Jun	93.10	92.97	-0.20	93.15	92.93	68,305	48,618
Sep	92.91	92.95	-0.06	93.03	92.91	21,561	37,039
Dec	92.76	92.83	+0.03	92.92	91.73	7,300	24,486

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		93.68	-0.02			0	1584
Jun	93.34	93.33	-0.02	93.34	93.34	10	540
Sep		93.01	-0.03			0	364
Dec		92.71	-0.08			0	270

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.92	94.98	+0.07	94.97	94.92	22268	133887
Jun	94.62	94.69	+0.10	94.70	94.62	58704	209835
Sep	94.27	94.37	+0.14	94.39	94.27	42208	140803
Dec	93.90	94.00	+0.16	94.01	93.89	27981	106195

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.35	89.48	-0.21	89.60	89.33	6816	27353
Jun	88.65	88.86	-0.16	88.96	88.55	13751	39950
Sep	88.50	88.59	-0.12	88.65	88.38	4221	29501
Dec	88.40	88.40	-0.10	88.42	88.21	2519	15342

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.10	96.12	+0.05	96.12	96.10	1539	14012
Jun	95.77	95.81	+0.09	95.85	95.77	3086	20043
Sep	95.49	95.52	+0.09	95.53	95.49	876	7503
Dec	95.18	95.22	+0.10	95.22	95.18	215	5935

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.53	93.49	-0.07	93.58	93.47	1421	9368
Jun	93.14	93.12	-0.05	93.20	93.10	1409	9150
Sep	92.90	92.83	-0.02	92.90	92.81	211	4151
Dec	92.48	92.47	-	92.48	92.47	14	2147

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 6		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.54	17.20	4.846	2.116	5720	5.436	21.56	511.2	441.1	24.95	4.061	2.105	4.895	3.455	320.8	2.625
Denmark	(DKr)	51.17	10	8.801	2.480	1.083	2927	2.781	11.03	261.6	225.7	12.77	2.078	1.077	2.505	1.768	164.2	1.343
France	(FFr)	58.14	11.36	10	2.818	1.230	3326	3.160	12.53	297.2	256.4	14.50	2.361	1.224	2.846	2.009	186.5	1.526
Germany	(DM)	20.63	4.033	3.549	1	0.437	1180	1.122	4.448	105.5	91.01	5.148	0.838	0.434	1.010	0.713	66.20	0.542
Ireland	(I£)	47.26	9.237	8.129	2.291	1	2703	2.569	10.19	241.6	208.5	11.79	1.919	0.995	2.313	1.633	151.6	1.241
Italy	(L)	1.748	0.342	0.301	0.085	0.037	100.	0.095	0.377	8.936	7.711	0.436	0.071	0.037	0.086	0.060	5.609	0.046
Netherlands	(Fl)	18.40	3.595	3.164	0.892	0.389	1052	1	3.966	94.04	81.14	4.589	0.747	0.387	0.900	0.636	59.02	0.483
Norway	(NKr)	46.39	9.065	7.979	2.248	0.981	2653	2.521	10	237.1	204.6	11.57	1.884	0.977	2.271	1.603	148.8	1.218
Portugal	(Es)	19.56	3.823	3.365	0.948	0.414	1119	1.063	4.217	100.	86.29	4.881	0.794	0.412	0.958	0.676	62.77	0.514
Spain	(Pta)	22.67	4.431	3.900	1.099	0.480	1297	1.232	4.888	115.9	100.	5.656	0.921	0.477	1.110	0.783	72.74	0.595
Sweden	(SKr)	40.08	7.834	6.895	1.943	0.848	2293	2.179	8.641	204.9	176.8	10	1.628	0.844	1.962	1.385	128.6	1.052
Switzerland	(SFr)	24.62	4.812	4.235	1.193	0.521	1409	1.339	5.308	125.9	108.6	6.143	1	0.518	1.205	0.851	79.00	0.646
UK	(£)	47.50	9.283	8.170	2.302	1.005	2717	2.582	10.24	242.8	209.5	11.85	1.929	1	2.325	1.641	152.4	1.247
Canada	(C$)	20.43	3.993	3.514	0.990	0.432	1169	1.111	4.404	104.4	90.11	5.097	0.830	0.430	1	0.706	65.55	0.536
US	($)	28.95	5.657	4.979	1.403	0.612	1656	1.573	6.240	148.0	127.7	7.221	1.176	0.609	1.417	1	92.87	0.760
Japan	(Y)	31.17	6.091	5.361	1.510	0.659	1783	1.694	6.719	159.3	137.5	7.776	1.266	0.656	1.526	1.077	100.	0.818
Ecu		38.09	7.444	6.552	1.846	0.806	2179	2.071	8.212	194.7	168.0	9.503	1.547	0.802	1.864	1.316	122.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7091	0.7127	+0.0109	0.7200	0.7091	60,144	66,787
Jun	0.7091	0.7156	+0.0118	0.7250	0.7091	9,802	19,501
Sep	0.7190	0.7175	+0.0120	0.7195	0.7175	84	1,135

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

Mar	0.8432	0.8482	+0.0186	0.8580	0.8432	33,886	45,474
Jun	0.8450	0.8554	+0.0174	0.8606	0.8450	4,461	8,561
Sep	0.8628	0.8620	+0.0200	0.8628	0.8620	122	245

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0650	1.0770	+0.0133	1.0800	1.0650	41,165	77,381
Jun	1.0776	1.0888	+0.0134	1.0910	1.0765	12,537	21,545
Sep	1.0900	1.1002	+0.0131	1.1102	1.0900	104	1,039

■ STERLING FUTURES (IMM) £62,500 per £

Mar	1.6324	1.6450	+0.0162	1.6570	1.6324	37,770	44,506
Jun	1.6408	1.6438	+0.0158	1.6590	1.6300	5,546	8,918
Sep	-	1.6400	-	1.6440	-	65	54

UK INTEREST RATES

LONDON MONEY RATES

Mar 6	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 2	6⅛ - 5 11/16	6 7/16 - 6¼	6 11/16 - 6 9/16	7⅛ - 7	7 13/16 - 7 11/16
Sterling CDs	-	-	6 11/32 - 6 9/32	6 19/32 - 6 17/32	7 - 6 15/16	7 9/16 - 7 7/16
Treasury Bills	-	-	6¼ - 6 3/16	6 7/16 - 6⅜	-	-
Bank Bills	-	-	6¼ - 6 3/16	6 17/32 - 6 15/32	6 13/16 - 6¾	-
Local authority deps.	6 3/16 - 6 1/16	6⅛ - 6	6 7/16 - 6 5/16	6¾ - 6⅝	7 1/16 - 6 15/16	7 11/16 - 7 9/16
Discount Market deps	5½ - 4	5⅞ - 5¾	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount 6.1282pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 6.08pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.20	93.21	+0.02	93.22	93.17	9136	70510
Jun	92.48	92.49	+0.04	92.55	92.41	34926	100731
Sep	91.98	92.00	+0.03	92.04	91.92	10400	67923
Dec	91.66	91.65	+0.04	91.68	91.57	7013	60795

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9300	0.22	0.04	0.06	0.01	0.55	1.06
9325	0.03	0.01	0.03	0.07	0.77	1.28
9350	0	0	0.02	0.29	1.01	1.52

Est. vol. total, Calls 9740 Puts 1697. Previous day's open int., Calls 230965 Puts 196398

EMS EUROPEAN CURRENCY UNIT RATES

Mar 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.08567	-0.01401	-3.09	7.05	-
Austria	13.4383	13.0860	-0.09500	-2.69	6.52	-
Germany	1.91007	1.85898	-0.01359	-2.67	6.60	-
Belgium	39.3960	38.3490	-0.2295	-2.66	6.58	19
Portugal	195.792	196.117	+1.574	0.17	3.58	-1
Ireland	0.792214	0.811578	+0.003146	2.44	1.27	-16
France	6.40608	6.59480	+0.0069	2.95	0.78	-25
Denmark	7.28580	7.50636	+0.0636	3.03	0.70	-21
Spain	162.493	168.584	+3.47	3.75	0.00	-26
NON ERM MEMBERS						
Greece	292.867	301.623	+2.762	2.99	0.74	-
Italy	2106.15	2206.14	+56.88	4.75	-0.95	-
UK	0.786652	0.805818	+0.003064	2.44	1.28	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.500	13.83	-	-	-	-	-
1.525	11.33	-	-	-	0.06	-
1.550	8.84	9.06	9.31	-	0.24	0.60
1.575	6.48	7.01	7.41	-	0.58	1.07
1.600	4.12	5.09	5.62	0.08	1.14	1.75
1.625	2.18	3.46	4.09	0.52	1.99	2.59

Previous day's vol., Calls N/A Puts N/A . Prev. day's open int., Calls N/A Puts N/A

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.70	93.69	-0.03	93.70	93.67	52,339	349,153
Jun	93.38	93.36	-0.04	93.38	93.29	149,577	467,367
Sep	93.07	93.04	-0.05	93.07	92.98	180,889	315,920

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

Jun	93.95	93.92	-0.03	93.95	93.87	4,636	14,379
Sep	93.57	93.58	-0.07	93.58	93.55	2,094	7,668
Dec	93.27	93.30	-0.10	93.30	93.27	2,203	6,057

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9475	0.21	0.08	0.13	0.15	0	0.14	0.19	0.21
9500	0.03	0.01	0.04	0.05	0.07	0.32	0.35	0.38
9525	0	0	0.01	0.01	0.29	0.56	0.57	0.57

Est. vol. total, Calls 14904 Puts 11416. Previous day's open int., Calls 201823 Puts 324122

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9600	0.13	0.06	0.05	0.01	0.25	0.53
9625	0.01	0.02	0.02	0.14	0.46	0.75
9650	0	0.01	0.01	0.38	0.70	0.99

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 2023 Puts 2010

BASE LENDING RATES

	%
Adam & Company	6.75
Allied Trust Bank	6.75
AIB Bank	6.75
●Henry Ansbacher	6.75
Bank of Baroda	6.75
Banco Bilbao Vizcaya	6.75
Bank of Cyprus	6.75
Bank of Ireland	6.75
Bank of India	6.75
Bank of Scotland	6.75
Barclays Bank	6.75
Brit Bk of Mid East	6.75
●Brown Shipley & Co Ltd	6.75
Citibank NA	6.75
Clydesdale Bank	6.75
The Co-operative Bank	6.75
Coutts & Co	6.75
Credit Lyonnais	6.75
Cyprus Popular Bank	6.75
Duncan Lawrie	6.75
Exeter Bank Limited	7.75
Financial & Gen Bank	7.00
●Robert Fleming & Co	6.75
Girobank	6.75
●Guinness Mahon	6.75
Habib Bank AG Zurich	6.75
●Hambros Bank	6.75
Heritable & Gen Inv Bk	6.75
●Hill Samuel	6.75
C. Hoare & Co	6.75
Hongkong & Shanghai	6.75
Julian Hodge Bank	6.75
●Leopold Joseph & Sons	6.75
Lloyds Bank	6.75
Meghraj Bank Ltd	6.75
Midland Bank	6.75
* Mount Banking	6.75
NatWestminster	6.75
●Rea Brothers	6.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Royal Bk of Scotland	6.75
Singer & Friedlander	6.75
●Smith & Williamson Secs	6.75
TSB	6.75
●United Bk of Kuwait	6.75
Unity Trust Bank Plc	6.75
Western Trust	6.75
Whiteaway Laidlaw	6.75
Yorkshire Bank	6.75

● Members of London Investment Banking Association
* In administration

CONTRACTS & TENDERS

SANEPAR

COMPANHIA DE SANEAMENTO DO PARANÁ - SANEPAR

Notice of Call for Tenders annulment
International Call for Tender Nº 120/94-DT

The Sanepar Board of Directors announces the annulment of the Call for Tenders Nº 120-94-DT, that determined the expansion of the sewerage system of the cities of Curitiba, Araucária, Pinhais and São José dos Pinhais. The opening date for bids is May 30, 1995.

Recourse: Prosam

Curitiba, Febrary 16, 1995

GOVERNO DO ESTADO DO PARANÁ

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf		80½	—	117	50¼	8.31	19.8	—
9¾pc Non-Cum Prf		4¾	—	137½	3	1.98	—	—
Cater Allen	♣†N☐	428	—	*830¼	418	138.5	8.3	8.8
Close Bros	♣†N☐	225	+4	*285½	203	223.7	4.3	10.5
Gerrard & Nat	♣†N☐	403	—	518	395	198.3	7.4	11.6
Hambros	♣N☐	212	+1	473	209	374.2	8.8	13.0
7½pc Cv Pf		99xd	—	191	98½	127.5	9.5	—
Joseph (L)	♣†N	398	—	443	388	29.6	5.7	11.9
King & Shaxson	♣N	92	—	178	91	18.6	12.2	9.1
Kleinwort Benson	♣N☐	575xd	+3	693	424	767.6	4.7	11.2
Rea Bros	♣†N☐	58	-2	78	53	34.1	2.0	16.2
Schroders	♣†N☐	1420	-25	1574	1050	1,420	1.6	13.0
N/V	†N	1290	-16	1458	1043	374.1	1.8	11.8
Singer & Fried	♣†N☐	83	+1	114	75	161.2	4.7	10.7
Union	♣N☐	75	—	*188	72	19.9	5.1	Φ
Warburg (SG)	♣N☐	691	+10	1012	569	1,520	4.0	12.7
Wintrust	♣†N	215xd	—	390	203	18.3	6.2	14.4

BANKS, RETAIL

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	☐	£22⅞	+¼	£25⅛	£19⅞	6,942	5.2	8.4
ANZ A$		213	-6	279¼	171	2,883	5.3	7.9
Abbey National	qN☐	439	-1	522	380½	5,784	5.2	9.2
Allied Irish I£	♣N☐	261xd	-1	314	233	1,739	6.4	10.0
Anglo Irish I£	N☐	51	—	78	50	178.9	8.7	10.3
Asahi Y	☐	708½	+4¼	819½	628	16,482	0.8	—
Banco Bil Viz Pta	☐	£16½	-¼	£17⅞	£14½	3,747	4.9	7.6
Banco Sant Pta		£24⅛	—	*£30½	£23¼	3,883	5.9	8.5
Bk Ireland I£	†N☐	302	-1	*319	245	1,435	4.8	8.7
Bank Scotland	♣†N☐	198	-1½	247	172½	2,318	3.4	11.2
9¼pc Pf		117¾	—	141½	108	117.8	9.8	—
9¾pc Pf		123¾	-¼	148½	111¼	123.8	9.8	—
Barclays	♣†N☐	608	-1	649	487	9,914	3.4	14.8
Dai Ichi Kan Y	☐	£11⅝	+⅛	£12⅞	£9⅝	34,788	0.5	—
Deutsche DM	☐	£310⅞	-⅛	£344¼	£270⅞	14,731	2.3	—
Espirito Santo	☐	984	-¼	*£13⅜	982	148.8	11.6	Φ
Fuji Bank Y	☐	1328	+5	1549¼	1152½	38,473	0.4	—
HSBC HK	qN☐	625	-18	1133	578	10,982	5.6	7.8
HSBC (75p Shs)	qN☐	628	-18	1113	588	5,383	5.6	7.5
Irish Permanent	qN☐	287	+7	287	205	203.3	4.5	9.3
Lloyds	N☐	587xd	+2	680	519	7,354	6.7	9.5
Mitsubishi Y	☐	£14⅞	+⅛	£16⅞	£13⅛	40,982	0.4	—
Mits Tst & Bk Y	☐	888½	+6¼	1162¼	687½	10,647	0.6	13.7
Mitsui Tst & Bk Y	☐	649¼	-2¼	879	512	6,580	1.0	17.9
Nat Aust A$		479	-23	620¼	472	6,412	7.0	8.4
NatWest	qN☐	462xd	-6	622	421	8,372	5.6	7.8
Ottomane FFr		£23¾	—	233	£21	118.8	6.1	5.7
Ryl Bk Scotland	♣N☐	412½	-½	528	373½	3,308	4.2	11.8
Sakura Y	☐	£7⅞	+⅛	£9⅛	£7⅝	24,727	0.7	44.6
Sanwa Y	☐	£12⅞	-¼	£15⅛	£10⅞	37,238	0.4	—
Standard Chartd	†N☐	256	-4	*359¼	223	2,480	3.1	8.8
7 3/8pc Prf		87½xd	-5	108½	82¼	87.5	10.5	—

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's
Tarmac	N☐	107	+1½	208	105	988.1	6.4
Tilbon	♣N	155	—	220	155	16.9	3.6
Travis Perkins	†N☐	279	—	370	274	286.5	3.7
Tudor	♣N	28	—	28	21	3.05	1.1
Unigroup	☐	35	—	54	33	11.0	–
Universal Ceramic	L N☐	86	—	186	86	28.9	4.9
Waterhouse	♣	38	—	63	33	0.95	–
Wickes	qN☐	102	+1	129	83	379.6	2.2
Wolseley	♣†N☐	345	-1	*487½	342	1,906	3.0

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994/95 high	low	Yld Gr's	NAV	Dis or Pm(-)
Welsh Indl	N	175	—	180	160	2.8	204.6	14.5
Wigmore Prop	□	83	—	109	81	1.0	75.6	16.7
Warrants	□	17	—	59	13	-	-	-
Witan	N□	215½xd	-2½	257½	205	3.5	237.2	9.1

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INV TRUSTS SPLIT CAPITAL

	Notes	Price	+ or -	1994/95 high	low	Yld Gr's	NAV	Dis or Pm(-)
Approved by the Inland Revenue								
Aberforth Split Inc	N	87	-1	87	84	12.1	-	-
Cap		162	-1	225	160	-	251.1	35.5
Units	N	251	-1	320	249	4.2	281.7	4.1
Abtrust Prf Inc	N□	97	—	148	97	15.5	84.5	-12.9
Zero Div Pf		166	—	167½	155½	-	-	-
Archimedes Inc	N	232	—	270	220	14.3	-	-
Cap		388	—	433	356	-	614.3	36.8
City of Oxford	N□	30	—	48	30	20.8	24.5	-18.3
Warrants		6	—	18	6	-	-	-
Zero Div Pf		99½	-½	104¼	96½	-	-	-
Contra-Cycl Inc	N	57	—	80	57	20.8	-	-
Cap	□	19	—	25½	18½	-	39.6	52.0
Zero Div Pf		85	—	87½	80	-	-	-
Danae Inc	N	76	—	95	76	13.1	-	-
Cap		33	—	48	33	-	62.7	47.4
Derby Inc	N	156	—	173	147	13.6	-	-
Cap		283	-5	328	268	-	436.3	35.1
Drayton Blue Chip	N□	55	-1	100	55	19.1	52.5	-4.5
Zero Pf		163	—	163	154	-	-	-
Edinburgh Income	N□	44xd	—	61	44	11.4	35.9	-18.4
Zero Div Pf		62	+½	62	55½	-	-	-
Exmoor Dual	N	23	—	44	23	8.8	27.6	16.7
Inc	N	61xd	—	66	61	18.5	-	-
Zero Cpn Pf		245	—	262	241	-	-	-
Finsbury Smllr Co's	N	159xd	—	183	158	2.7	161.2	1.4
Zero Pf		194	-1	194	177	-	-	-
Fleming Geared Inc	N	166	-1	251	166	1.5	235.2	29.4
Warrants		105	-1	220	105	-	-	-
Cm Ptg Pf		158	—	168	154	10.0	-	-
Fleming I & C Inc	N□	72	—	101½	69½	8.5	75.4	4.5
Units	N□	118	—	150	116	5.2	116.5	-1.3
Zero Div Pf		47	+¼	48	41¼	-	-	-
Fleming Int High	N□	30	—	52½	29½	14.9	31.9	6.0
Zero Div Pf		103¼	+¼	103¼	96¼	-	-	-
Fgr & Col SUIT Sp Inc	N□	61½	—	76	61	7.8	-	-
Capital	□	65	+1½	65	41	-	65.4	0.6
Units	N□	125	+2	133	105½	3.7	124.7	-2
Friends Prov Ethical	N□	53xd	—	103	53	15.3	52.4	-1.1
Units	N□	150xd	—	208	150	6.4	163.8	8.4
Zero Div Pf		98	—	104½	92½	-	-	-
Fulcrum Inc	N	39xd	—	64	39	27.8	-	-
Cap	□	19	-½	29½	19	-	37.3	49.1
Zero Div Pf		144	—	146	134½	-	-	-
Gartmore Amer	N□	28xd	—	50	28	18.9	26.8	-4.3
Zero Pf		99½	+¼	99½	92¼	-	-	-
Gartmore Brit Inc		92	—	106	87	9.9	69.8	-24.1
Zero Div Pref		107½	—	113½	98	-	-	-
Units		195	—	213	188	4.7	191.7	-1.7
Gartmore Scot Inc	N□	65	—	83	64½	20.0	-	-
Cap		81	+1	112	78	-	217.0	62.7
Zero Div Prf		166	—	169½	152	-	-	-
Units	N	2585	—	2935	2575	5.3	-	-
Gartmore Shared Eq	N□	85xd	—	130	85	14.1	62.0	-27.1
Senior Zero Pf		99½	—	108	92	-	-	-
Junior Zero Pf		95	—	97	94	-	-	-
Gen Cons Inc	N□	104xd	—	115½	104	11.2	-	-
Cap		148	—	208	138	-	202.0	30.7
Stepped Pf	N	172½	—	173¾	166	2.5	-	-
Henderson Eurotrust	N□	84	—	118	82	5.7	110.4	23.9
Units	N□	116	—	152	113	3.2	136.1	16.6
Zero Prf		39¼	—	39½	32	-	-	-
Hong Kong	N□	37xd	—	75	33	8.2	40.0	7.5
Warrants		23½	—	39½	22¾	-	-	-
Zero Div Pf		37¾	—	37¾	34¼	-	-	-
IIS Optimum	N□	82	—	118	81	11.7	87.2	6.0
Zero Div Pf		220½	—	221	205	-	-	-
Johnson Fry Euro		88	-2	100	88	7.2	87.8	2.1
Zero Prf		108	—	108	95	-	-	-
Johnson Fry Second	N□	88xd	+1	122	87	8.4	85.6	-2.7
Zero Div Pf		99½	—	108¾	89	-	-	-
Johnson Fry Utils	N	98xd	+¼	144	97½	9.6	95.3	-2.8
Zero Prf		110	—	117½	97½	-	211.9	52.8

INVESTMENT COMPANIES - Cont.

	Notes	Price	+ or -	1994/95 high	low	Yld Gr's	NAV	Dis or Pm(-)
Lydenburg		£12½	—	£14¼	£5⅞	1.8	-	-
Malacca Fd $		£9¼	-⅜	£14¼	£8	-	-	-
Mauritius Fund		883¼	-6	918	741¼	-	-	-
Oryx Fund		594	-6	728¾	594	-	-	-
Portugal Fd Pf		288½	-2½	401¼	288½	-	-	-
Prospect Japan Fund		601¼	-6	693½	601¼	-	-	-
Warrants		182¾	-1⅞	229½	182¾	-	-	-
Robeco N.V.		£39¼	—	£44⅞	£38⅛	3.4	-	-
Sub Fl		387	—	448	394	3.4	-	-
Rolinco N.V.		£40	—	£46¼	£15⅝	1.8	-	-
Sub Fl		400	—	483	388	1.8	-	-
Schroder Jap Wrt		48½	-½	124	48½	-	-	-
Warrants		11½	—	38½	0¼	-	-	-
S'pore SESDAQ $		£8⅞	-⅛	£14⅝	£8⅞	21.8	-	-
Sth American Fd	□	182½	-3¾	289¼	182½	-	-	-
Warrants	□	67¾	-1½	180¾	67¾	-	-	-
SE Asian Wrts		792	-8	1331	792	-	-	-
Spanish Smllr Co's		419	-4¼	589¼	419	-	-	-
Warrants		61	-½	141	57	-	-	-
Thai Euro Fd		£17⅞	-⅛	£22⅞	£17⅞	0.8	-	-
World Trust Fund	□	822½	-8¼	1018	767½	-	-	-
Warrants		441¾	-4½	690¼	387	-	-	-

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Airtours	N□	416	—	*576¼	414	472.7	3.8	9.1
6½p Cv Pf		127½xd	—	181½	127½	64.5	6.3	-
Allied Leis	□	22	—	*48½	17	18.4	-	-
Alpha Airports	N□	141	-1	177	135	212.8	3.6	-
Arcadian Intl		41	—	48	36	45.2	-	-
BCE	□	12¾	+¼	*15	11¼	27.7	-	-
BS	N	176	—	208	100	11.0	2.1	-
Baldwin	N	113xd	-3	138	85	21.8	4.4	◆
Barr & Wallace Arnold Tst	N	219	—	*315	219	32.8	2.2	18.1
Bluebird Toys	N□	289	+3	*280	135¾	114.4	2.9	7.7
Boosey & Hawks	N	335	—	*385	237	85.7	1.9	19.8
Break for the Border	N□	44	—	86	44	8.32	2.8	11.2
Brent Walker	□	2¾	—	7¼	2¼	10.1	-	-
Buckingham	□	0¾	—	7¼	0¾	0.90	-	-
Caskel	□	15½	+½	59	12	14.8	8.9	8.6
Cassidy Brothers	N	70xd	—	104	69	3.85	4.9	9.0
CentreGold	N□	42	—	165	42	18.1	-	-
Chrysalis	N	254	—	288	114	87.8	-	-
City Centre	□	72	—	94	72	159.4	3.1	14.6
Compass	□	318xd	-1	*374	305	738.4	2.7	16.1
Courtyard Leis	N□	14	—	25	14	1.95	-	-
Crockfords	N□	134	—	168	132	134.0	4.2	9.4
David Lloyd	N□	240xd	—	285	209	116.8	1.9	19.4
Euro Disney FFr	□	149	—	*213	78	1,138	-	-
Eurocamp	N□	249xd	-1	280	232	65.2	5.3	11.1
European Leis	□	2½	—	4	2	19.9	-	-
Fairline Boats	N	417xd	-3	456	308	14.8	4.8	19.3
Farringford	□	6	—	8½	4¼	1.31	-	-
First Choice	□	108xd	+1	131	81	171.1	4.5	20.3
9¼p Cv Pf		185xd	—	221	161	44.9	6.8	-
First Leisure	N□	278xd	—	359	245	491.8	3.2	17.5
Forte	N□	234	-2	295	209½	2,209	4.0	27.7
Friendly Hotels	N	180	—	207	180	31.8	4.5	26.8
GR		95	—	79	49	7.24	2.5	-
Games Workshop	N□	183	—	188	105	90.6	3.6	13.7
Granada	N□	610xd	-4	698	475	2,868	2.5	15.2
7½p Cv Pf		184½	-1½	224½	173½	323.8	5.1	-
Groupe Chez Gerard	N□	118	—	118	95	20.6	-	15.2
Hi-Tec Sports	N□	29	—	98	28	14.7	12.0	4.3
Hornby	N	108	-3	216	108	8.88	10.4	9.4
Inspirations	N	130	—	*148	102¼	41.2	3.8	8.3
Jurys Hotel IE		184	+¼	187½	142½	92.5	3.7	16.8
Kunick	N□	17½xd	-¼	18¼	11¼	42.1	3.8	20.1
8¼p Cv Pf		92½xd	—	119	92	38.9	11.1	-
Ladbroke	N□	172	-3	217½	145	2,002	2.5	30.3
London Clubs	N□	288	—	289	200	189.7	5.6	13.6
Magnolia	N	49	—	104	49	2.78	0.3	-
Man Utd	N□	124	-5	*140½	107¼	76.4	4.2	2.0
Mandarin Orient $	□	75¾	-¾	109¾	64½	614.9	4.1	20.1
Millwall		2¾	—	*4½	2¼	7.71	-	-
My Kinda Town	□	11¼	—	15	10¾	27.7	-	-
Northern	□	73	-1	81	34	28.9	5.1	12.1
Cv Db 96/01		£184½	—	£171½	£102½	3.25	4.3	-
Parkdean Leis	N□	176xd	—	178	132	17.5	3.4	◆
Pelican	N□	76xd	—	*102	65½	54.9	2.1	15.8
PizzaExpress	N□	128xd	-½	141	109	68.0	2.1	15.9

OIL EXPLORATION & PRODUCTION - Cont.

PROPERTY

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TRANSPORT - Cont.

WATER

AMERICANS

OIL, INTEGRATED

OTHER FINANCIAL

LIFE ASSURANCE

CANADIANS

MEDIA

OTHER SERVICES & BUSINESSES

TELECOMMUNICATIONS

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29	—	£34	£13½	1,884	2.5	21.2
Barlow		£5⅛	—	£5¾	£3⅞	1,138	1.7	21.2
Gold Flds Prop R		143xd	—	152	75	14.8	7.2	◆
NK Props		85	—	98	85	3.42	13.5	-
SASOL		477	—	582	280	2,751	2.8	-
SA Brews	†	£14½	—	£16⅞	£10	4,111	1.8	24.1
Tiger Oats		778	—	838	538	1,168	1.9	19.0
Tongaat-Hulett	†h	782	—	*782	358¼	694.5	1.8	23.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ◆ Figures or report awaited
- ♥ Rule 21.(4)(a) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.

N Figures based on IIMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Init Chrge / Notes / Selling Price / Buying Price / + or - / Yield Gr's

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK: Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414181
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

Prices for dealing March 6

Jupiter Tyndall (Bermuda) Ltd
PO Box HM1250, Hamilton, Bermuda 001 809 292 2760

	Selling Price	Buying Price	+ or -	Yield
Eurobond	$14.31	15.03	-0.01	1.91
Money	$12.21	12.11	[illegible]	[illegible]
North American	$11.82	12.44	[illegible]	–
Overseas	$15.81	15.40	[illegible]	–
Tiger	$17.08	17.93	-0.051	–

Momentum Asset Management Ltd
Clarendon House, Church Street, Bermuda UK 0171 581 5841
Novelilier Perf Mar 1 $34.41

Newport Investment Management
73 Front Street, Hamilton, Bermuda
Dealing: 01481 726268

Lazard Fund Mngrs - Contd.

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St Peter Port 01481 724983

Dealing daily

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 01481 723852

Prudential Fund Managers (Guernsey) Ltd
Po Box 61, St Peter Port Guernsey 01481 726258
Prudential Money Funds Ltd

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey 01481 713713

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

Lazard Freres Asset Management (CI) Ltd
PO Box 275, St Peter Port, Guernsey, CI 01481 710481
Emerging World Tst Fd. 5 $8.87 9.64

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 275, St. Peter Port, Guernsey, C.I. 01481 710481

Lloyds Bank Fund Managers (Guernsey) Ltd
NAV Feb 27 $6.66

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Rothschild Asset Mngmt (CI) Ltd

UBK Asset Management (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

Wells Fargo Nikko Inv Adv Gsy Ltd

Yamaichi Capital Mngt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

Singer & Friedlander Inv Funds Ltd - Contd.

IRELAND (REGULATED)(**)

Stellar Fund Plc
NAV $3.81 +0.08

Ulster Bank Investment Services

Value Express Fund Plc
NAV $7.56 -0.81

Yellow Sea Investment Company PLC
NAV $10.43

Yield Korea Fund
NAV $666.75 -52.00

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs
Victory Hse, Prospect Hill, Douglas IoM 01624 677677
Total Income Fd 5 94.41 99.35 -0.02 6.4

Allied Dunbar Intl Fund Mgrs (1000)F
Lord Street, Douglas, IoM 01624 663561

For conversion Prices of Shares Phone: 01624 662660

For Asset Global Funds Ltd see Ashburton Global Funds Ltd

Ashburton Global Funds Ltd (1200)
Victory Hse, Prospect Hill, Douglas, IoM 01624 620087

Bank of Ireland
c/o "BI" Managers (IOM) Ltd
4 Christian Road, Douglas, IOM 01624 622676

CMI Fund Managers (IoM)
Clerical Medical Hse, Douglas, IoM 01624 625500

* Yield expressed as C.A.R. (Compound Annual Return)

Mercury Fund Managers IoM Ltd
12-13 Hill Street, Douglas IoM 01624 662205

Sun Life Management (IoM) Ltd
PO Box 22, Castletown, IoM 01624 824131
Secure High Income 6 £1.0886 1.1410

Unibank Scandinavian Fund Ltd
19-21, Circular Rd, Douglas, IoM 01624 620420

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

Citibank (CI) Ltd 'Citifunds'

Citibank N.A.

Concerto Ltd
NAV Feb 24 $91.93

Coutts & Co (Jersey) Fund Managers Ltd
Ashburton Replica Portfolio Ltd

EBC Fund Managers (Jersey) Ltd
EBC Trusted Currency Fund Ltd*

*Offer price includes 3% prelim. charge

* Offer Price includes 3½% Initial Charge

Fleming Group
Robert Fleming Management (Jersey) Ltd

Foreign & Colonial Mngmt (Jersey) Ltd

John Govett Management (Jersey) Ltd

INVESCO International Limited
All Funds deal daily except where indicated.

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

Commercial Union Luxembourg SA - Contd.

Lloyds Bank Luxembourg
1, Rue Schiller, L-1018 Luxembourg 00 352 4022121

LUXEMBOURG (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

Credis Investment Funds

[illegible]

Murray Universal, Sicav

[illegible]

NICAM Asia Pacific Umbrella Fund

[illegible]

Nikko Asia Convertible Bond Fund

[illegible]

Nikko Bank (Luxembourg) S.A.

[illegible]

Nomura Asian Infrastructure Fd SICAV

[illegible]

Nomura Rosenberg Alpha Fund Mark II

[illegible]

Pacific Basin Growth Fund

[illegible]

Pan-Holding SA

[illegible]

Rosenberg Global Mngt Co SA (u)

[illegible]

Rosenberg Management SA (u)

[illegible]

Rosenberg US Japan Mngmt Co SA (u)

[illegible]

Edmond de Rothschild Group

[illegible]

CMI Insurance Co Ltd - Contd.

[illegible]

Century Life International

[illegible]

Eagle Star Intl Life

[illegible]

Equitable Life (International)

[illegible]

OTHER OFFSHORE FUNDS

ATSP Management Ltd

[illegible]

Abtrust Fund Mngrs (Guernsey) Ltd

[illegible]

Acciones y Valores de Mexico SA de CV

[illegible]

Adig Investment

[illegible]

Asian Malaysian Growth Fd (Cayman) Ltd

[illegible]

Alliance Capital

[illegible]

Allied Dunbar International Fund Mngrs

[illegible]

Alpha Fund Management

[illegible]

Arnhold and S. Bleichroeder, Inc

[illegible]

Asia Pacific Capital Strategies Fund

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

Sodific Asset Management Inc

[illegible]

Carl Spaengler KAG

	Selling Price	Buying Price	+ or -	Yield Gross
Long Term Value Trust	$738.11		—	–

Springfield Fund Mgmt (Gibraltar) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Global Liquidity Fd Ltd	$104.29		—	7.42

Sri Lanka Growth Fund

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Mar 2	$6.81		—	–

Wellington Fd Mngrs (Bermuda) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Intl Growth Fd	$14.21	14.92	-0.37	–

Wells Fargo U.S. IT Fund

[illegible]

Worldwide Limited

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Dec 30	$70.23		—	–

Xiphias International Investment Fd Ltd

[illegible]

Yamaichi Capital Management (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Thai Inv Fund	$20.81		—	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars.
Yield % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(☆) - 0001 to 1100 hours
(♦) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(#) - 1701 to midnight
E - Exit charge on sale of units.
C - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
h - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
♦ - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x - Offered price includes all expenses except agent's commission.
y - Previous day's price.
§§ - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies
ф - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

LONDON STOCK EXCHANGE

MARKET REPORT

International blue chips hit by currency turmoil

By Terry Byland,
UK Stock Market Editor

Increasing turbulence in global currency markets undermined share prices in London yesterday, bringing the 3,000 support level on the FT-SE 100 Share Index under pressure yet again. A modest rally was staged towards the close when *Wall Street fared* better in early trading than London traders had expected.

The continued advance by the DM, together with the reverberations in other ERM currencies following devaluations by Spain and Portugal, discouraged equity investment activity by the big institutions. Rumours circulated of plans for an emergency meeting of the Group of Seven finance ministers and of plans for further concerted support for the dollar.

Equity strategists expressed little faith in further currency intervention, but also saw little prospect of the interest rate moves by the US or *Germany considered necessary to* settle currency markets.

The final reading of 3,001.9 left the FT-SE 100 Index with a loss on the day of 23.2 points. The dollar's weakness continued to threaten earnings at the blue chip internationals. A heavy trading programme dominated the second half of the session.

The Footsie dipped to 2,999.9 at the day's low as selling of US index futures warned of impending pressure on Wall Street. London was braced for an opening fall of around 20 points on the Dow Jones Industrial Average so, when the Dow trimmed its early loss to around 20 points in London hours, UK stocks *steadied very cautiously.*

The FT-SE Mid 250 Index, less affected by worries over global currencies, edged up by 3.3 to close at 3,394.7. Seaq volume was slow at first but the final total was boosted by heavy initial dealings in the new shares of PowerGen and National Power. At the close, Seaq volume of 612.9m shares compared with 454.8m on Friday when retail business in equities dipped to £940.6m.

Non-Footsie stocks made up around 59 per cent of yesterday's total business. This in part reflected a burst of activity in the water stocks after Lyonnaise des Eaux said it would bid for Northumbrian Water. *Although the French group* will not name its price until the UK monopoly questions are cleared, shares in Northumbrian jumped by 17 per cent and other water shares also rose sharply, indicating market views on potential value in the sector.

Dollar weakness hung over the pharmaceutical sector ahead of tomorrow's closing date for Glaxo's £9bn plus bid for Wellcome. Hints that a white knight might arrive at the last minute left market traders unconvinced.

The next two sessions in the London market will bring trading statements from a batch of important blue chip British companies, beginning *this morning with year-end* results from Barclays Bank.

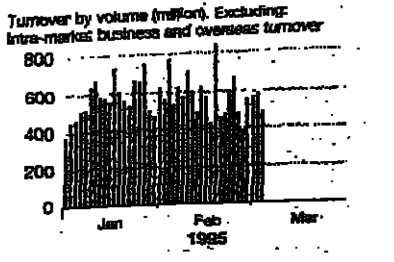
Analysts expect good profits figures from Barclays and also from Commercial Union, which is due to report on Wednesday. But the turmoil in currency markets is likely to muffle all other considerations.

FT-SE-A All-Share Index

Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3001.9	-23.2
FT-SE Mid 250	3394.7	+3.3
FT-SE-A 350	1501.8	-8.7
FT-SE-A All-Share	1485.46	-7.94
FT-SE-A All-Share yield	4.21	(4.19)
FT Ordinary Index	2287.4	-14.2
FT-SE-A Non Fins p/e	16.82	(16.90)
FT-SE 100 Fut Mar	2997.0	-28.0
10 yr Gilt yield	8.73	(8.68)
Long gilt/equity yld ratio:	2.09	(2.09)

Best performing sectors

1	Water	+2.0
2	Engineering, Vehicles	+1.3
3	Building Mats	+0.9
4	Gas Distribution	+0.8
5	Building & Const	+0.4

Worst performing sectors

1	Tobacco	-2.4
2	Extractive Inds	-1.7
3	Insurance	-1.5
4	Pharmaceuticals	-1.4
5	Spirits, Wines & Cids	-1.2

Water sector alert

Last Friday's market speculation of a bid in the utilities *proved correct as Lyon*naise des Eaux swooped to announce its intention of bidding for Northumbrian Water. The latter's shares rocketed 128 to a record 870p after the bid news. Lyonnaise said it expected its bid to attract a reference to the Monopolies and Mergers Commission and said it would furnish its bid terms after any move.

Dealers said the market had braced itself for a bid for one of the regional electricity companies. Yorkshire has long been a favoured target and there was a strong rumour late on Friday of an offer for Northern Ireland Electricity.

Analysts said Northumbrian was an obvious takeover candi*date among the waters and had* demonstrated an obvious defence strategy to analysts at a presentation only last week. The general feeling around the market, however, was that, given a good price, an agreed deal was on the cards. The bid was Lyonnaise's second tilt at Northumbrian; the French group acquired a notifiable stake in Northumbrian immediately following the water company's privatisation in December 1989, subsequently selling the shares, for a substantial profit, in the market.

Marketmakers said Lyonnaise' move had posted a bid alert on all the water stocks, with Southern seen as a prime target. "The market will now watch very keenly for any moves by Generale des Eaux, which many think could be eyeing Southern, " said one trader. The latter's shares raced up 15 to 566p. Other bid candidates were Welsh Water, up 28 at 637p and Yorkshire, up 8 to 527p.

Northern Ireland Electricity touched 374p as the Scottish Power bid rumours circulated in the market, but later subsided to close a net 9 higher at 353p.

Power stocks

The sale of the Government's remaining 40 per cent stakes in the two English generators, National Power and PowerGen went smoothly with both partly-paid stocks attracting keen support in the after-market.

National Power partly-paid stock opened at 189p and touched 190p before ending the session at 186½p, after turnover of 46m, while PowerGen partly-paid began trading at *201p and touched 206p before* coming off the top to close at 198½p; turnover in PowerGen partly-paids was 29m.

Dealers in the new shares said there was no evidence of any sizeable flow back of stock *in the generators from bulls of* the issue. National Power "old" shares closed unaltered on balance at 456½p, after turnover of 12m, while PowerGen settled a penny off at 491p, with 10m shares changing hands.

"The latest bid in the utilities sector, by Lyonnais des Eaux for Northumbrian, helped stoke up the after-market for the shares, along with other utilities," said one trader in the shares.

Dollar stocks hit

Internationally traded stocks with exposure to the hard-hit US dollar were marked down by traders.

Glaxo, which received shareholder approval for its £9bn plus bid for Wellcome shed 11 to 648p. Wellcome, which has advised its shareholders to take no action on the Glaxo offer which closes tomorrow, lost 5 at 1036p. The group is hoping for a last-minute 'white-knight' counter bid and there has been speculation that Zeneca will come up with an offer. However, that speculation appeared to fade yesterday; Zeneca shares dipped 5 to 864p.

Meanwhile, SmithKline Beecham fell 11 to 496p and RTZ, which announces results tomorrow, slid 14 to 739p.

Tobacco and insurance conglomerate BAT Industries dropped 11½ to 420½p. The shares also suffered from Sunday newspaper speculation that the group will tomorrow announce a £125m charge with its results to cover mis-selling of private pensions.

Henlys continued to bask in the aftermath of Friday's strong profits and dividend statement, rising 15 to 284p for a two-day advance of close on 10 per cent. Lex Service improved 2 to 295p and Reg Vardy put on 3 to 178p.

Leading chemicals group Courtaulds gained 2½ to 430p with NatWest Securities arguing that the sharp rise in the price of cotton would help the group raise its synthetic fibre prices.

Elsewhere in the sector, British Vita rose 22 to 234p after announcing better-than-expected results and stating it was coping with increasing costs caused by rising raw material prices.

Also, Cementone improved 3½ to 38p on full-year figures which, although halved from *the previous year, signalled a* dramatic recovery from a difficult first half.

Inveresk, the speciality paper and board maker, fell 8 to 139p after announcing a slide in full year profits to £8.1m. Revenue was hit by the hefty increases in wood pulp prices.

Plastic bag maker British Polythene gained 13 to 506p after announcing a 25 per cent rise in profits to £19.2m.

Saatchi & Saatchi lost 3½ to 87p on concern over refinancing ahead of figures next week.

Yesterday's 7 per cent devaluation of the Spanish peseta hit several stocks in the drinks sector. Allied Domecq with around 12 per cent of profits from Spain, gave up 5 to 507p, as brokers trimmed full year profit estimates by around £8m to reflect the currency changes. The range of forecasts is now between £688m and £760m. Also weakened by cur*rency was Grand Metropolitan* 6 lower at 375p. Guinness, with around 4 per cent of profits from Spain, closed 5½ lower at 414½p.

Nervous trading ahead of tomorrow's figures left Ladbroke 3 lighter at 172p.

Shares in Hillsdown Holdings, the food manufacturing group, gained 6 to 182p, in trade of 3.3m as the market celebrated news that Hillsdown was in favour of proposals by the Wallace McCain family to acquire Canadian group Maple Leaf Foods. Hillsdown has a 56 per cent stake in the company and it said the sale will have a "broadly neutral" effect on earnings per share.

One analyst said, "This is a step in the right direction. Maple leaf has been a disappointing investment that never lived up to expectations. While the impact on earning will be neutral, it strengthens the balance sheet considerably."

Cadbury Schweppes another group reporting figures tomorrow followed the market lower *to end 5 off at 427p. Tate &* Lyle continued in the doldrums as a broker's negative note published last week continued to exact a toll on the shares. They lost another 3½ to 418p.

Motor component engineers mostly bucked the market's downward trend with Lucas Industries adding 6 to 187p, GKN gaining 3 to 575p and BBA advancing 4 to 196p.

MARKET REPORTERS:
Steve Thompson,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Mar 6	Mar 3	Mar 2	Mar 1	Feb 28	Yr ago	*High	*Low
Ordinary Share	2287.4	2301.6	2311.3	2312.5	2286.2	2564.4	2713.6	2238.3
Ord. div. yield	4.61	4.58	4.56	4.55	4.66	3.58	4.66	3.43
Earn. yld. % full	7.22	7.17	7.14	7.13	7.18	4.76	7.22	3.82
P/E ratio net	16.37	16.49	16.56	16.59	16.48	22.69	33.43	16.37
P/E ratio nil	15.91	16.02	16.09	16.12	16.00	23.76	30.86	15.91

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2293.4	2294.6	2297.1	2288.4	2285.4	2283.7	2281.7	2285.3	2287.9	2299.2	2280.9

	Mar 6	Mar 3	Mar 2	Mar 1	Feb 28	Yr ago
SEAQ bargains	26,236	19,928	21,304	20,467	20,840	31,328
Equity turnover (£m)†	-	940.6	1835.0	1562.2	1478.5	1249.6
Equity bargains†	-	27,585	28,575	27,229	27,247	34,406
Shares traded (ml)†	-	444.5	594.5	574.6	582.2	459.9

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	358	Total Highs	24	Total contracts	33,956
Total Falls	898	Total Lows	179	Calls	17,243
Same	1595			Puts	16,713

March 6 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3016.0	2997.0	-28.0	3024.0	2984.0	14569	46943
Jun	3021.0	3002.5	-29.0	3028.0	2991.0	3798	20717
Sep	3029.0	3026.0	-29.0	3029.0	3029.0	50	285

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3410.0	3375.0	-15.0	3410.0	3375.0	142	3070
Jun	3430.0	3394.5	-15.5	3430.0	3419.5	122	1042

FT-SE 100 INDEX OPTION (LIFFE) (*3003) £10 per full index point

	2850		2900		2950		3000		3050		3100		3150		3200	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Mar	149½	3	103	7	62	15½	30½	34½	11½	66½	3	109	1	159	1	209
Apr	161	18½	123	30	88½	46	59	67½	37	96½	21½	131½	11	172	5	216½
May	178½	29½	142½	43	110	60½	81½	81	59½	109	40½	141	26	177½	16½	219
Jun	189½	41	153½	54	124	73½	96	94	73½	122½	58½	152½	39	188½	28½	227
Dec†			247½	101½			188	141½			141	193½			101	256

Calls 7,029 Puts 6,625

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825		2875		2925		2975		3025		3075		3125		3175	
Mar	173	1½	125	3½	80½	9	43½	21½	18	46	5½	83½	1½	129	1	178
Apr	179	14½	138½	23½	103	37½	72½	56½	48	82	30	113½	17½	150	10	191½
May	201	24	161½	34½	126	49	95	68	68½	91½	48	121	32	155	20½	193½
Jun	212	38	175	49½	142½	66	112½	85½	86½	108½	65½	136½	47½	168	33½	203
Sept†	255½	61½			188	90½			130	129			85	180½		

Calls 4,676 Puts 3,502 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§10	F.P.	16.5	13¼	12¼	Bath Press	12½		-	-	-	-
-	F.P.	28.5	126	123	Colleagues	126		-	-	-	-
§125	F.P.	21.1	131	128	GET Group	128		N-	-	-	11.1
-	F.P.	21.8	87	84	Inv Tst of Inv Tsts	84	-1	-	-	-	-
-	F.P.	2.91	59	56	Do. Warrants	56		-	-	-	-
-	F.P.	28.0	55	48¼	Lazard Birla India	50	-½	-	-	-	-
-	F.P.	3.01	32½	28	Do Warrants	29	-¼	-	-	-	-
35	F.P.	22.1	36	34	MCIT S Cap	34		-	-	-	-
35	P.P.	23.4	35	36	MCIT S Inc	36		-	-	-	-
-	F.P.	0.47	5	4½	Melrose Warrants	4½		-	-	-	-
476	170	6,313.9	193	180	*Natl Power (P/P)	186½		FN15.45	2.6	3.9	13.5
150	F.P.	15.8	160	150	Photobition	153		RN6.0	2.0	4.9	11.1
512	185	4,125.2	206	187	*PowerGen (P/P)	198½		FN15.0	3.2	3.6	11.3
-	F.P.	24.0	101½	100	Throg Dl Zero Pf	101		-	-	-	-
-	F.P.	4.40	11¼	10½	Wessex Trust	11		-	-	-	-
145	F.P.	64.5	178	170	Zotefoams	178	+2	W4.65	2.1	3.3	18.0

FT GOLD MINES INDEX

	Mar 3	% chg on day	Mar 2	Mar 1	Year ago	Gross div yield %	52 week High	Low
Gold Mines Index (34)	1686.31	-1.0	1703.25	1700.78	1969.63	2.30	2337.90	1637.81
Regional Indices								
Africa (16)	2524.36	-0.6	2540.50	2595.63	2671.40	5.45	3711.67	2304.45
Australasia (7)	1942.24	-0.4	1950.23	1968.47	2385.04	0.84	2951.49	1788.20
North America (11)	1404.28	-1.3	1423.11	1398.96	1693.81	0.80	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Mar 6	Day's chge%	Mar 3	Mar 2	Mar 1	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3001.9	-0.8	3025.1	3038.2	3041.2	3305.9	4.43	7.82	15.16	16.96	1152.48
FT-SE Mid 250	3394.7	+0.1	3391.4	3398.4	3394.1	3937.7	3.75	6.63	18.02	12.83	1283.79
FT-SE Mid 250 ex Inv Trusts	3408.2	+0.2	3401.8	3405.5	3402.9	3952.0	3.89	7.16	16.79	13.03	1287.13
FT-SE-A 350	1501.8	-0.6	1510.5	1516.0	1517.0	1674.0	4.28	7.55	15.73	7.84	1179.41
FT-SE-A 350 Higher Yield	1526.6	-0.5	1536.1	1541.5	1540.7	1678.7	5.31	8.16	14.56	11.43	988.68
FT-SE-A 350 Lower Yield	1474.7	-0.7	1484.5	1490.2	1492.8	1627.0	3.23	6.92	17.12	4.33	974.94
FT-SE SmallCap	1692.97	-0.1	1694.11	1695.50	1693.81	2028.17	3.45	6.10	20.34	6.86	1328.57
FT-SE SmallCap ex Inv Trusts	1673.62	—	1673.06	1673.82	1672.31	2009.27	3.64	6.81	18.46	6.35	1317.50
FT-SE-A ALL-SHARE	1485.46	-0.5	1493.40	1498.57	1499.30	1664.55	4.21	7.43	16.01	7.62	1186.22

FT-SE Actuaries All-Share

	Mar 6	Day's chge%	Mar 3	Mar 2	Mar 1	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 *MINERAL EXTRACTION(24)*	*2566.55*	*-0.7*	*2583.82*	*2578.96*	*2589.50*	*2582.56*	*3.91*	*6.51*	*19.30*	*8.66*	*1039.56*
12 Extractive Industries(7)	3384.42	-1.7	3441.57	3443.44	3454.88	3961.16	3.58	5.75	21.51	0.00	933.90
15 Oil, Integrated(3)	2561.30	-0.5	2573.84	2587.51	2592.88	2495.37	4.12	7.32	17.02	11.39	1062.23
16 Oil Exploration & Prod(14)	1901.15	-0.4	1909.66	1906.28	1904.73	1892.82	2.57	0.39	‡	0.00	1099.37
20 GEN INDUSTRIALS(276)	1783.76	-0.1	1785.75	1787.05	1791.42	2154.49	4.37	6.22	19.09	6.54	920.84
21 Building & Construction(38)	907.56	+0.4	903.70	912.77	915.36	1500.66	4.31	7.20	18.03	1.19	717.50
22 Building Matls & Merchs(31)	1685.03	+0.9	1669.83	1684.50	1687.06	2274.72	4.55	6.59	18.32	0.28	802.06
23 Chemicals(23)	2113.65	-0.3	2120.62	2124.66	2137.39	2429.61	4.49	5.70	20.70	22.30	954.40
24 Diversified Industrials(17)	1758.62	-0.7	1771.11	1768.13	1778.31	2110.88	5.30	6.75	17.04	12.90	917.20
25 Electronic & Elect Equip(36)	1873.76	-0.7	1886.71	1895.90	1888.61	2115.22	3.86	6.99	16.93	2.74	927.24
26 Engineering(72)	1727.76	-0.1	1729.93	1730.13	1732.31	1977.20	3.54	6.06	19.50'	2.95	997.63
27 Engineering, Vehicles(13)	2094.47	+1.3	2067.41	2060.46	2060.33	2402.10	4.80	1.65	80.00†	0.16	1025.37
28 Paper, Pckg & Printing(27)	2778.90	—	2777.69	2776.61	2780.32	3031.45	3.25	5.83	19.79	0.17	1100.21
29 Textiles & Apparel(21)	1399.75	+0.1	1398.28	1427.41	1430.61	1928.50	4.84	7.03	18.48	1.88	802.43
30 CONSUMER GOODS(95)	2826.38	-1.1	2859.07	2863.95	2851.35	2940.39	4.38	6.79	17.34	20.37	989.31
31 Breweries(18)	2114.87	-0.7	2129.80	2137.16	2135.80	2286.20	4.53	8.71	13.84	10.56	968.27
32 Spirits, Wines & Ciders(10)	2532.54	-1.2	2564.34	2567.30	2560.93	3176.87	4.50	7.77	15.21	26.30	864.72
33 *Food Producers(24)*	*2329.63*	*-0.3*	*2337.89*	*2341.52*	*2348.38*	*2405.97*	*4.30*	*7.53*	*15.76*	*14.57*	*997.40*
34 Household Goods(10)	2502.25	-0.3	2508.91	2527.29	2510.72	2830.88	3.56	6.68	18.01	1.06	906.88
36 Health Care(18)	1610.26	-0.4	1617.46	1620.73	1615.11	1831.24	3.19	3.45	40.21	1.42	841.22
37 Pharmaceuticals(13)	3527.95	-1.4	3578.09	3584.79	3557.55	3143.80	4.06	4.90	24.27	34.51	1142.81
38 Tobacco(2)	3524.84	-2.4	3609.79	3606.12	3562.25	4135.82	6.10	10.33	10.56	0.00	804.04
40 SERVICES(230)	1825.32	-0.4	1831.98	1842.58	1843.69	2118.57	3.46	7.29	16.52	7.32	906.24
41 Distributors(32)	2272.84	+0.1	2270.87	2270.91	2271.84	3118.61	4.13	7.86	15.11	6.03	796.28
42 Leisure & Hotels(29)	2064.22	-0.5	2074.90	2085.77	2090.18	2323.52	3.48	6.03	19.77	21.68	1034.30
43 Media(43)	2704.36	-0.2	2709.34	2722.52	2728.98	3329.63	2.71	5.99	19.67	5.94	943.68
44 Retailers, Food(16)	1766.85	-0.4	1776.18	1786.06	1783.71	1655.27	3.72	9.06	13.53	2.59	1059.05
45 Retailers, General(44)	1502.20	-0.1	1503.70	1515.88	1514.86	1757.73	3.57	7.90	15.52	7.63	821.66
48 Support Services(38)	1428.69	-0.3	1433.39	1441.63	1446.66	1763.60	2.95	6.80	17.33	2.81	876.70
49 Transport(21)	2121.21	-1.1	2145.67	2167.73	2157.49	2632.73	4.03	7.30	16.29	4.30	839.48
51 Other Services & Business(7)	1165.68	—	1165.16	1166.30	1166.30	1313.69	3.84	4.76	28.36	5.42	1015.90
60 UTILITIES(37)	2320.12	+0.1	2317.43	2333.71	2323.71	2518.29	4.66	8.95	13.25	6.85	914.14
62 Electricity(17)	2414.04	-0.3	2421.99	2428.84	2418.19	2371.54	4.23	10.52	11.34	19.89	1033.10
64 Gas Distribution(2)	1933.76	+0.8	1917.77	1930.61	1918.26	2129.05	6.20	7.18	17.42	0.00	906.27
66 Telecommunications(5)	1923.77	-0.4	1930.73	1956.82	1951.04	2274.25	4.25	6.98	17.44	0.13	834.97
68 Water(13)	1805.83	+2.0	1770.50	1764.46	1753.38	1856.00	5.54	13.27	8.22	4.62	920.81
69 NON-FINANCIALS(684)	1808.43	-0.4	1615.64	1620.40	1620.07	1790.72	4.16	7.11	16.82	7.17	1153.88
70 FINANCIALS(116)	2099.53	-0.9	2119.63	2132.38	2141.41	2410.98	4.89	10.36	11.42	18.74	845.66
71 Banks, Retail(9)	2736.10	-1.1	2767.77	2789.39	2812.28	3104.77	4.83	11.93	9.69	32.89	833.67
72 Banks, Merchant(6)	2900.22	+0.1	2897.84	2929.61	2971.21	3083.28	3.91	9.47	12.33	13.78	884.84
73 Insurance(26)	1168.79	-1.5	1186.05	1184.91	1187.84	1376.23	5.99	9.45	13.33	12.63	816.85
74 Life Assurance(6)	2423.09	-1.0	2448.72	2443.15	2444.94	2609.61	5.27	7.69	15.86	0.00	937.76
77 Other Financial(23)	1827.82	-0.2	1831.99	1826.93	1826.86	2006.33	4.15	8.39	14.12	11.01	993.39
79 *Property(46)*	*1373.45*	*-0.2*	*1376.06*	*1373.87*	*1381.22*	*1783.63*	*4.40*	*7.78*	*16.09*	*4.36*	*799.47*
80 INVESTMENT TRUSTS(133)	2557.99	-0.6	2574.08	2583.54	2582.39	2966.65	2.47	2.10	47.59	9.66	857.49
89 FT-SE-A ALL-SHARE(915)	1485.46	-0.5	1493.40	1498.57	1499.30	1664.55	4.21	7.43	16.01	7.62	1186.22
FT-SE-A Fledgling	958.25	-0.2	959.92	960.70	961.44	-	3.04	-	-	4.08	962.23
FT-SE-A Fledgling ex Inv Trusts	957.69	-0.1	959.05	959.82	960.84	-	3.21	-	-	4.22	961.81

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3018.7	3017.0	3016.5	3003.4	2998.9	2997.3	2994.1	2998.6	3003.0	3020.3	2993.0
FT-SE Mid 250	3404.9	3400.8	3404.8	3398.1	3393.9	3390.9	3389.7	3392.3	3394.3	3404.9	3389.6
FT-SE-A 350	1509.4	1508.3	1508.5	1502.7	1501.0	1499.7	1498.3	1500.3	1502.2	1509.8	1497.9

Time of FT-SE 100 Day's high: 9.20am Day's low: 1.24pm. FT-SE 100 1994 High: 3520.3(2/2/94) Low: 2876.6(24/6/94).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	850.4	851.2	853.3	852.1	851.6	850.9	850.9	851.7	853.5	853.8	848.8	+5.0
Pharmaceuticls	3523.2	3522.3	3518.0	3500.5	3503.2	3500.4	3495.6	3497.2	3499.1	3498.7	3549.0	-50.3
Water	1866.2	1841.3	1841.6	1824.6	1811.4	1791.6	1794.7	1800.4	1801.1	1799.5	1764.0	+35.5
Banks, Retail	2791.4	2788.2	2785.1	2771.4	2786.4	2766.1	2761.9	2769.3	2770.9	2771.0	2803.1	-32,1

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based productsrelating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1995. © The Financial Times Limited 1995. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.The FT-SE Actuaries Share Indices are audited by The WM Company.
† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.NAME CHANGE: Crossroad Oil now Melrose Energy (Fledgling)

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	63	348	
ASDA Group†	6,000	68⅛	
Abbey National†	1,600	439	-1
Albert Fisher	427	42	
Allied Domecq†	925	507	-5
Anglian Water	1,200	481	-7
Argos	180	345	+1
Argyll Group†	1,000	276	-4
Arjo Wiggins†	852	245	-2½
Assoc. Brit. Foods†	232	583	-2
Assoc. Brit. Ports	4,800	256	
BAA†	4,000	431	-7
BAT Inds.†	5,500	420½	-11½
BET	2,400	104½	+½
BICC	2,000	322	
BOC†	617	696	+3
BP†	6,500	396½	-3
BPB Inds.	1,500	286	+1
BT†	6,800	377½	+1½
BTR†	5,100	310½	-4
Bank of Scotland†	454	198	-1½
Barclays†	2,200	608	-1
Bass†	2,000	504	-7
Blue Circle†	2,100	273	+4
Booker	248	382	
Boots†	1,300	472½	-4½
Bowater†	905	401	-1
Brit. Aerospace†	2,600	467	-4
British Airways†	2,800	383	-5
British Gas†	6,100	282½	+2½
British Land	782	384	
British Steel†	2,800	153	-½
Bunzl	1,800	168	+1
Burmah Castrol†	167	850	+2
Burton	356	70	
Cable & Wire†	2,800	370	-7
Cadbury Schweppes†	1,700	427	-5
Caradon†	2,200	245	+6
Carlton Comms.†	607	878	-11
Coats Viyella	1,600	169	
Comm. Union†	1,500	508	-4
Cookson	867	216	
Courtaulds†	866	430	+2½
Dalgety	93	401	-2
De La Rue†	1,000	1032	+1
Dixons	3,200	207½	+2
Eastern Elect.†	1,100	698	-2
East Midland Elect.	234	750	+1
Electrocomps	692	496	
Eng China Clays	1,700	334	-6
Enterprise Oil†	318	390	-2
Eurotunnel Units	824	258	-8
FKI	2,600	140	-1
Fisons	4,700	150	-1½
Foreign & Col. I.T.	2,500	139½	-1
Forte†	1,400	234	-2
Gen. Accident†	1,700	535	-5
General Elect.†	7,700	285½	-5
Glaxo†	8,600	648	-11
Glynwed	682	305	-2
Granada†	1,600	510	-4
Grand Met.†	4,700	375	-6
GUS†	2,400	527	+3
GRE†	3,200	170	-2½
GKN†	1,700	575	+3
Guinness†	3,800	414½	-5½
HSBC (75p shs)†	4,200	826	-18
Hammerson	13	320	+1
Hanson†	3,900	232½	-1
Harrisons Crosfield	1,200	140	-1
Hays	495	294	+1
Hillsdown	3,800	182	+6
IMI	148	308½	-1
ICI†	3,200	875	+1
Inchcape†	4,500	300	-1
Johnson Matthey	671	511	
Kingfisher†	1,200	438	-1
Kwik Save	224	531	-1
Ladbroke†	5,500	172	-3
Land Securities†	589	590	
Laporte	152	638	-5
Legal & General†	2,100	460	-3
Lloyds Abbey	535	343	
Lloyds Bank†	2,000	567	+2
LASMO	2,500	151	-1
London Elect.	974	730	-2
Lonrho	1,300	143	-2
Lucas	4,200	187	+6
MEPC†	1,200	390	
MFI	7,500	110	
Manweb	75	816	+1
Marks & Spencer†	4,700	375½	-1
Midlands Elect.	582	741	-2
Morrison (Wm.)	498	139	-1
NFC	1,400	172	+1
NatWest Bank†	4,100	482	-6
National Power†	12,000	456½	
Next	2,400	280	+1
North West Water†	2,600	538	+4
Northern Elect.	582	1055	-7
Northern Foods	1,500	201	-2
Norweb	55	798	-3
Pearson†	385	562	+2
P & O†	753	560	-7
Pilkington	1,500	166	-1
PowerGen†	10,000	491	-1
Prudential†	4,200	303	-4
RMC†	2,000	951	+12
RTZ†	1,800	739	-14
Racal	611	235	+4
Rank Org.†	424	373	-3
Reckitt & Colman†	1,900	535	-3
Redland†	2,200	435	+7
Reed Intl.†	1,600	734	-4
Rentokil†	1,300	221	-3
Reuters†	3,900	439	-2
Rolls Royce†	4,500	148½	-2
Ryl Bk Scotland†	4,600	412½	-½
Royal Insurance†	964	270	-4
Sainsbury†	2,700	410	-2
Schroders†	72	1420	-25
Scottish & New.†	1,100	498	-2
Scot. Hydro-Elect.	524	318	-3
Scottish Power†	384	330	-2
Sears†	3,400	96	-½
Sedgwick	2,000	154	-1
Seeboard	194	429	-5
Severn Trent†	3,700	527	+7
Shell Transport†	4,200	692	-2
Siebe†	2,000	529	-2
Slough Ests	947	226	-1
Smith (W.H.)	407	411	
Smith & Nephew†	2,900	159	-2
SmKl Beecham†	5,100	496	-7
SmKl Beecham Uts.†	2,800	474	-7
Smiths Inds.	894	447	+5
Southern Elect.†	598	725	-12
South Wales Elect.	40	811	-2
South West Water	430	495	
South West. Elect.	39	812	
Southern Water	1,100	566	+15
Standard Chartd.†	2,100	255	-4
Storehouse	2,100	215½	-½
Sun Alliance†	5,200	308	-2
T&N	850	161	
TI Group†	1,200	350	+3
TSB†	2,100	232	-2½
Tarmac	3,800	107	+1½
Tate & Lyle	839	418	-3½
Taylor Woodrow	1,400	120	+1
Tesco†	2,800	250½	-½
Thames Water†	2,100	487½	+3½
Thorn EMI†	1,300	1032	+3
Tomkins†	3,400	231	-2
Trafalgar House	1,800	63	
Unigate	1,100	381	-1
Unilever†	1,100	1187	-6
United Biscuits†	622	335	
Utd. Newspapers	594	511	+4
Vodafone†	6,700	187½	-2½
Warburg (SG)†	720	691	+10
Wellcome†	2,400	1036	-5
Welsh Water	1,500	637	+28
Wessex Water	1,000	284	+6
Whitbread†	1,000	529	-9
Williams Hldgs.†	2,000	326	-3
Willis Corroon	572	143	-1
Wimpey	449	119	+2
Wolseley†	1,700	348	-1
Yorkshire Elect.	232	844	-8
Yorkshire Water	1,300	527	+8
Zeneca†	4,500	864	-6

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

هكذا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 6 / Sch)

		+/-	High	Low	Yld	P/E
AusAir	1,750	...	2,055	1,645	2.9	...
BkAust	808	...	892	702	1.0	...
BkAuPf	493	..	529	477	1.6	...
BrauUn	659	..	719	637	..	..
Credit	639	-8	681	592	1.6	...
CredPf	632	...	637	575	1.6	...
EA Gen	2,730	...	3,018	2,515	0.5	...
EVN	1,265	...	1,429	1,178	1.8	...
Jenbac	1,570	-31	1,801	1,390	3.2	...
Lenzng	981	..	986	925	0.5	...
Leykam	488	...	505	445	1.8	...
OeMv	890	...	1,013	872	1.5	...
Oest B	596	-5	612	560	2.5	...
PerlZm	720	...	820	700	2.8	...
RadexH	378	...	410	345	2.7	...
SteyrD	148	..	191	146	4.0	...
Univ B	608	..	745	586	..	..
VA Tec	1,100	...	1,137	1,045	..	..
VeitMg	278	...	337	241	2.2	...
VoidBrA	632	...	639	562	2.5	...
VnlAk	456	+2	463	424	1.8	...
Wienbg	3,815	...	3,865	3,565	1.0	...

BELGIUM/LUXEMBOURG (Mar 6 / Frs)

		+/-	High	Low	Yld	P/E
Ackrmns	3,855	...	4,180	3,800	1.9	...
AmmN	7,320	...	7,730	7,250	3.3	...
Arbed	4,720	...	4,970	4,510	...	...
Audfin	14,500	...	16,000	13,300	...	...
BBL	4,230	...	4,680	4,200	4.6	...
BrigMB	36,100	...	38,375	36,075	6.1	...
Barco	2,290	...	2,545	2,150	1.4	...
Bekrt	19,900	...	22,875	19,425	2.0	...
CBRCim	11,650	..	12,100	11,600	3.1	...
CMB	2,130	...	2,630	2,090	4.1	...
Cobepa	988	...	1,040	954	...	...
C'ckIP	182	...	203	180	7.1	...
Colryt	6,820	...	7,400	6,810	1.8	...
Decnck	3,525	...	4,070	3,500	..	..
Dlhaiz	1,160	...	1,300	1,150	2.3	..
Electb	5,870	...	5,980	5,590	7.0	..
ElInAC	2,660	...	2,860	2,475	5.0	...
Fortis	2,555	...	2,700	2,555	...	...
GBL	3,640	...	3,930	3,570	5.4	...
GIB Gp	1,242	...	1,268	1,204	2.9	...
GenBnq	8,260	...	8,500	7,800	5.5	...
Gvaert	1,510	...	1,540	1,418	11.2	...
Glvbel	4,000	...	5,000	3,930	2.8	...
Ibel	2,620	...	2,730	2,605	...	...
Immobl	2,800	...	2,900	2,680	5.3	...
Krdbnk	6,320	...	6,790	6,250	1.9	...
Mcnver	6,050	...	6,090	5,990	4.3	...
NitPort	1,820	...	1,980	1,805	...	...
PtfIna	8,850	...	9,510	8,810	3.2	...
Pwrfin	2,875	...	2,940	2,800	4.9	...
Quick	2,120	...	2,340	2,110	...	...
Rctlcl	406	...	466	405	4.3	...
Rctlcl	406	...	466	405	4.3	...
RyBelg	4,490	...	4,950	4,280	4.8	..
Sbeka	6,110	...	6,410	6,110	...	...
SocGnB	2,025	...	2,180	2,020	5.7	...
Socfin	6,600	...	6,600	6,270	...	...
Sofina	12,625	...	13,175	12,000	5.1	...
Solvac	1,540	...	1,665	1,540	6.7	...
Solvay	14,900	...	15,925	14,900	4.5	...
Spadel	44,000	...	45,900	41,500	...	...
Tractbl	9,260	...	9,700	8,960	4.9	...
UCB	23,800	...	24,450	22,925	2.4	...
UnMin	1,900	...	2,490	1,815	6.3	...
WagLit	5,900	...	6,100	5,810	..	

CZECH REP (Mar 3 / Koruna)

		+/-	High	Low	Yld	P/E
CkSpo	250	...	338	250	...	...
Cez	1,150	...	1,445	1,120	...	...
Cokdov	2,950	...	3,400	2,950	...	...
InvBnk	2,785	...	3,280	2,780	...	...
KomBnk	1,230	...	1,580	1,115	...	...
Tabak	2,900	...	3,200	2,900	...	...

GREECE (Mar 3 / Drachma)

		+/-	High	Low	Yld	P/E
CommBk	7,020	..	8,250	7,770	..	...
CredBk	10,540	...	10,720	10,000	...	...
DeltaD	4,000	...	5,700	4,070	...	...
ErgoBk	9,000	...	9,950	8,600	...	...
HelBo	5,450	...	8,790	5,450	...	...
HelSar	2,800	...	3,545	2,881	...	...
HerGCl	2,050	...	2,290	1,850	...	...
IntCoB	6,300	...	8,040	6,300	...	...
IonBnk	4,110	...	4,410	4,015	...	...
NatBkG	10,850	...	11,320	10,700	...	...

INDICES

	Mar 6	Mar 3	Mar 2	1994/5 High	1994/5 Low
Argentina General (29/12/77)	(u)	10963.63	10799.69	25470.40 18/2/94	10789.69 2/3/95
Australia All Ordinaries(1/1/80)	1891.6	1902.4	1915.7	2340.60 3/2/94	1823.30 8/2/95
All Mining(1/1/80)	839.0	840.8	843.6	1136.10 3/2/94	795.30 8/2/95
Austria Credit Aktien(30/12/84)	374.89	377.98	379.79	458.68 2/2/94	361.34 3/2/95
Traded Index(2/1/91)	1011.28	1021.41	1029.02	1222.25 1/2/94	988.30 3/2/95
Belgium BEL20 (1/1/91)	1298.46	1322.57	1321.18	1542.65 9/2/94	1298.46 6/3/95
Brazil Bovespa (29/12/83)	(u)	29880.0	29891.0	55110.00 13/9/94	3800.80 3/1/94
Canada Metals Minls♦(1975)	(u)	3862.95	3823.87	4326.07 18/1/95	3290.06 20/4/94
Composite♦ (1975)	(u)	4097.00	4081.20	4609.80 23/3/94	3859.90 24/6/94
PortfolioSS (4/1/83)	(u)	2029.37	2017.91	2182.69 1/2/94	1868.46 28/6/94
Chile IPGA Gen (31/12/80)	(u)	5104.1	5169.4	5754.40 21/11/94	3901.30 4/4/94
Denmark CopenhagenSE(3/1/83)	348.72	351.71	353.60	415.79 2/2/94	335.68 20/12/94
Finland HEX General(28/12/90)	1659.3	1694.6	1704.1	1872.00 4/2/94	1601.10 3/1/94
France SBF 250 (31/12/90)	1181.54	1192.77	1198.76	1585.20 2/2/94	1178.82 23/1/95
CAC 40(31/12/87)	1773.25	1795.24	1807.35	2355.93 2/2/94	1772.84 23/1/95
Germany FAZ Aktien(31/12/58)	771.76	785.59	788.30	858.27 18/5/94	742.04 5/10/94
Commerzbank(1/12/53)	2198.8	2237.2	2246.7	2465.50 2/5/94	2116.30 5/10/94
DAX (30/12/87)‡	2070.32	2109.49	2118.66	2271.11 16/5/94	1980.59 7/10/94
Greece Athens SE(31/12/80)	(c)	815.60	817.48	1194.58 18/1/94	789.22 8/2/95
Hong Kong Hang Seng(31/7/64)	8093.91	8185.15	8253.33	12201.09 4/1/94	6967.93 23/1/95
India BSE Sens.(1979)	3540.76	3528.36	3507.32	4628.57 12/9/94	3233.31 22/2/95
Indonesia Jakarta Comp.(10/8/82)	(c)	(c)	(c)	612.89 5/1/94	432.86 25/1/95
Ireland ISEQ Overall(4/1/88)	1654.44	1662.15	1669.89	2082.16 20/1/94	1694.14 1/7/94
Italy Banca Comm Ital (1972)	622.71	629.36	638.21	817.17 10/5/94	581.64 13/12/94
MIB General (2/1/95)	984.0	995.0	1009.0	1318.00 10/5/94	874.00 27/2/95
Japan Nikkei 225 (16/5/49)	17040.72	17039.62	16963.18	21552.81 13/6/94	16618.71 1/3/95
Nikkei 300 (1/10/82)	251.00	251.09	248.23	311.71 13/6/94	242.65 27/2/95
Japan Topix (4/1/68)	1361.65	1362.64	1354.18	1712.73 13/6/94	1320.96 27/2/95
2nd Section (4/1/68)	1797.78	1801.19	1783.31	2542.65 6/7/94	1730.06 27/2/95
Malaysia KLSE Comp.(4/4/86)	953.40	(c)	(c)	1314.46 5/1/94	840.87 24/1/95
Mexico IPC (Nov 1978)	(u)	1519.52	1517.08	2881.17 8/2/94	1447.52 27/2/95
Netherland CBS TtlRtnGenEnd 83)	431.6	434.7	437.9	454.90 31/1/94	406.30 21/6/94
CBS All Shr (End 83)	270.8	272.7	274.7	294.80 31/1/94	257.80 21/6/94
New Zealand Cap. 40 (1/7/86)	1963.03	1980.50	1998.62	2439.84 3/2/94	1878.09 12/12/94
Norway Oslo SE(Ind)(2/1/83)	1068.03	1079.51	1098.28	1211.10 28/2/94	980.91 21/6/94
Philippines Manila Comp (2/1/85)	2456.54	2488.52	2490.91	3308.37 4/1/94	2374.86 24/1/95
Portugal BTA (1977)	2734.0	2735.1	2742.0	3226.80 18/2/94	2612.80 20/6/94
Singapore SES All–S'pore(2/4/75)	506.79	(c)	509.94	641.61 4/1/94	472.80 23/1/95
South Africa JSE Gold (28/9/78)	1495.6♥	1479.0	1496.1	2534.00 7/9/94	1479.00 3/3/95
JSE Ind. (28/9/78)	6577.5♥	6541.5	6531.0	6984.40 30/12/94	5446.00 19/1/94
South Korea KoreaCmpEx(4/1/80)**	933.44	907.96	903.42	1138.75 8/11/94	855.37 2/4/94
Spain Madrid SE (30/12/85)	280.76	281.22	283.93	358.31 31/1/94	275.35 11/1/95
Sweden AffarsvarldnGen (1/2/37)	1457.7	1489.5	1504.2	1603.90 31/1/94	1334.70 6/7/94
Switzerland Swiss Bk Ind (31/12/58)	(u)	1241.29	1251.89	1423.34 31/1/94	1138.72 27/10/94
SBC General (1/4/87)	(u)	911.46	920.46	1093.29 31/1/94	876.57 27/10/94
Taiwan WeightedPr.(30/6/66)**	6474.94	6516.83	6450.39	7191.13 1/11/94	5194.63 19/3/94
Thailand Bangkok SET (30/4/75)	1235.73	1262.33	1281.91	1753.73 4/1/94	1191.26 23/1/95
Turkey Istanbul Cmp.(Jan 1986)	31385.6	(c)	30195.3	31385.60 6/3/95	12980.70 24/3/94
WORLD MS Capital Int (1/1/70)§	625.1*	623.6	617.2	649.90 2/11/94	591.60 1/11/94
CROSS-BORDER Eurotrack 100(26/10/90)	1261.18	1283.06	1296.79	1540.19 31/1/94	1261.18 6/3/95
Euro Top–100 (26/6/90)	1144.03	1158.19	1164.95	1311.01 2/2/94	1136.48 5/10/94
JCapeDrgns (31/12/88)	(u)	296.72	298.05	395.19 5/1/94	281.48 23/1/95
Barings Emerg.(7/1/92)	126.67	128.68	132.06	191.79 26/9/94	125.67 6/3/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40							
Mar	1806.0	1775.0	-29.0	1812.0	1769.0	25,172	37,420
Apr	1812.5	1783.0	-28.5	1815.5	1781.5	1,387	2,022
■ DAX							
Mar	2096.0	2065.5	-34.5	2104.0	2060.5	23,511	
Jun	2112.5	2084.5	-34.5	2120.0	2080.0	3,231	
■ OMX							
Feb	-	-	-	-	-	-	-
Mar	1130.00	1112.00	-24.50	1130.00	1110.00	8,746	16,067
■ SOFFEX							
Mar	2577.0	2563.5	-30.5	2582.0	2556.1	5,918	15,895
Apr	2588.0	2570.5	-22.0	2588.0	2580.0	97	895

** Sat Mar 4 : Taiwan Weighted Price 6530.74; Korea Comp Ex 919.15. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 6 - 2089.95 -24.21

US INDICES

Dow Jones	Mar 3	Mar 2	Mar 1	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3989.61	3978.93	3994.80	4011.74 (24/2/95)	3593.35 (4/4/94)	4011.74 (24/2/95)	41.22 (2/7/32)
Home Bonds	97.07	97.09	97.43	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1572.87	1578.92	1586.37	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	190.09	190.02	192.06	227.86 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4004.83 (4009.67) Low 3946.03 (3947.07) (Theoretical♠)
Day's high 3989.61 (3995.49) Low 3959.18 (3959.18) (Actual♠)

Standard and Poors	Mar 3	Mar 2	Mar 1	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	485.42	485.13	485.65	488.11 (24/2/95)	438.92 (4/4/94)	488.11 (24/2/95)	4.40 (1/6/32)
Industrials♥	575.18	573.93	574.45	578.32 (24/2/95)	510.05 (21/4/94)	578.32 (24/2/95)	3.62 (21/6/32)
Financial	45.90	46.11	46.09	48.94 (14/6/94)	39.87 (22/11/94)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	263.29	263.36	263.76	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	453.49	453.06	450.74	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	798.79	793.68	791.87	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Mar 3	Feb 24	Feb 17	Year ago
Dow Jones Ind. Div. Yield	2.73	2.69	2.72	2.62
	Mar 1	Feb 22	Feb 15	Year ago
S & P Ind. Div. yield	2.36	2.36	2.36	2.39
S & P Ind. P/E ratio	17.32	19.80	19.57	24.34

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Maxus	12,099,800	5¼	-⅛
Hanson	10,601,800	19⅛	+⅞
YPF Soc	9,136,300	15⅝	-1⅛
US Shoe	7,695,900	24¼	+5½
Telefonos	6,363,800	26⅞	-⅛
IBM	5,408,700	79⅞	+2⅞
RJR Nabisco	3,989,000	5⅛	+⅛
Citicorp	3,591,300	42⅜	-1⅞
Telefonic	3,482,900	17⅞	+½
Reading Bts	3,077,600	7⅛	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Mar 3	Mar 2	Mar 1
New York SE	330.832	329.421	362.551
Amex	16.394	17.806	16.861
NASDAQ	289.307	272.650	313.728
NYSE			
Issues Traded	2,922	2,945	2,943
Rises	980	1,002	978
Falls	1,154	1,177	1,256
Unchanged	788	766	709
New Highs	45	50	71
New Lows	66	43	33

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Mar	485.55	482.85	-3.00	485.55	481.80	81,490	171,204
Jun	487.00	486.90	-2.95	487.45	486.80	9,359	48,389
■ Nikkei 225							
Mar	16860.0	17060.0	-20.0	17160.0	16860.0	17,843	81,741
Jun	16930.0	17110.0	-60.0	17210.0	16920.0	21,537	88,721

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

NORTH AMERICA

CANADA

TORONTO (Mar 3 / Can $)

See footnote

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FOLLOWING TECHNICAL PROBLEMS AT TELEKURS, THE WORLD STOCK MARKETS PAGE IN TODAY'S EDITION HAS NOT BEEN UPDATED WITH CLOSING PRICES.

■ TOKYO - MOST ACTIVE STOCKS: Monday, March 6, 1995.

	Stocks Traded	Closing Prices	Change on day
Meiji Seika	8.1m	558	-3
Sumitomo Const	7.8m	751	+4
Nippon Steel	6.6m	341	+1
Lion	6.6m	570	-2
Isuzu Motors	4.9m	435	+9
Chiba Bank	4.1m	747	+8
Mitsubishi Hvy	3.9m	632	+2
Toshiba Corp	3.2m	615	-1
Hitachi	3.1m	874	-14
Kansai Paint	3.1m	543	+3

Mar 3-See footnote

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	1995 Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chrge Prev. Close
14¼	13	AAR	0.48	3.6	24	351	13⅝	13¼	13½	
22½	19¼	ALPharmaA	0.18	0.9	47	282	20⅞	20	20¾	
38¼	35	AMP	0.92	2.4	21	2228	37⅞	37⅛	37¾	
62¾	53⅜	AMR			27	7449	62⅛	61½	61½	
48⅜	41⅞	ASA	1.71	4.0	23	661	43	42½	42⅝	
36	30¾	AbbtL	0.84	2.4	18	7418	35⅛	35	35⅛	
14	12½	Abitibi Pr	0.50	3.9	11	84	12¾	d12½	12¾	
24⅜	22⅛	ABM Ind	0.60	2.6	14	78	23¼	23⅛	23¼	
16⅝	14½	Acptncetn			11	51	15½	15⅜	15⅜	
25⅞	21⅞	ACE Ltd	0.44	1.8	7	71	24	24	24	
9¾	9	ACM Gvt In x	0.90	9.9	8	252	9¼	d9	9⅛	
7½	7⅛	ACM GvOpp x	0.66	9.3		150	7¼	d7⅛	7⅛	
7½	6⅝	ACM Gvt Sp x	0.75	11.1		311	6¾	d6⅝	6¾	
8⅝	7⅞	ACM Gvt Se x	0.90	11.2		307	8	d7⅞	8	
8½	7⅞	ACM Man x	1.08	13.7		259	8	7⅞	7⅞	
7⅝	7¼	ACM Managd x	0.72	9.8		103	7½	7⅜	7⅜	
16¾	10¼	AcmeCtv	0.48	3.4	8	452	14⅜	14¼	14¼	
21½	12⅞	Acme Elect			20	215	18	17⅞	18	
34½	31⅜	Acordia	0.72	2.1	17	6	33⅝	33¼	33⅝	
11⅜	8⅝	Actava	0.36	3.6	3	308	10⅛	10⅛	10⅛	
16¾	12¼	Acuson			20	275	12⅝	d12¼	12½	
18⅝	15⅝	Adams Expr	0.36	2.2	0	166	16⅜	16¼	16¼	
64½	53	Ad Micro	3.00	4.8		151	62½	59½	62½	
32¼	25	AdvMic	3.00	9.4	9	14028	31⅞	29⅝	31¾	
6⅜	5	Advest Grp	0.16	2.7	29	27	6	5⅞	5⅞	
19¼	16½	Advo Inc	0.10	0.5	15	543	18⅞	18½	18¾	
69¼	63⅞	Aegon ADR	1.47	2.1	13	12	u69¼	69	69¼	
4⅜	3⅜	Aerfi			5	95	4⅛	4	4⅛	
56	48¾	AetnaL	2.76	5.1	13	7694	u56	54⅛	54¼	
37¾	31⅞	Aflac	0.46	1.3	12	946	36⅛	36¼	36¼	
18⅝	16	Ahmnsn	0.88	4.9	10	322	18¼	18	18⅛	
1⅜	½	Aileen Inc			0	75	¾	¾	¾	
49½	43⅞	AirPrC	0.98	2.0	22	1022	48⅞	48⅛	48⅛	
24¼	20⅜	Airbne Frt	0.30	1.3	13	293	u24⅛	23⅞	23⅞	
28½	19⅝	Airgas Inc			28	899	25¼	25	25½	
14⅞	13⅛	Airlease	1.88	12.7	19	24	u14⅞	14⅝	14¾	
30	26½	AirTch			136	6007	27¼	26⅞	27¼	
15¾	14⅞	Alaska Air	0.20	1.4	8	174	14⅞	14¾	14¾	
19⅝	17⅛	Albany Int	0.35	2.0	22	155	17⅞	17¾	17¾	
14½	12½	Albrtsl	0.20	1.4	17	317	14	13⅞	13⅞	
30⅞	25⅞	AlbCuB	0.32	1.1	17	152	28⅝	28	28⅝	
26½	23	AlCulvr A	0.32	1.3	13	101	24¾	24⅝	24¾	
31⅛	28½	Albtsn	0.44	1.5	19	4016	30¼	29⅞	30¼	
27¾	23⅝	AlcnAl	0.30	1.2	71	3933	24⅞	24⅛	24¼	
68⅝	61⅞	AlcoSt	1.04	1.6	51	989	67⅛	66⅝	67	
38⅝	29½	AlexBrown	0.70	1.8	8	1274	38½	37⅝	38⅜	
22½	18½	AlexAl x	0.10	0.5	7	1332	22	21¾	22	
21¼	18⅜	Allegh Lud x	0.48	2.3	78	724	20⅝	20½	20½	
24⅜	21½	AllegP	1.64	7.2	12	477	22⅞	22⅝	22¾	
25¼	21¼	Allen Con	0.20	0.9	20	495	23¼	22½	23¼	
30¼	25¼	Allergan	0.44	1.5	16	1741	29	28⅜	28⅝	

Continued on next page

Mar 3-See footnote

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
40⅛	34¾	Salomon	0.64	1.8	8	1136	35¼	d34¾	35	
21⅝	19¾	SnDgGE	1.56	7.4	18	276	21¼	21	21⅛	
9⅝	8	SantaFeEPs	0.16	1.7	154	563	9⅝	9¼	9¼	
12⅞	9	SFeGd			22	4388	10⅞	10½	10½	
36⅜	33¼	SFePPipe	2.80	7.8	9	39	36⅜	36⅛	36⅛	
21¾	17⅞	SanFeP	0.10	0.5	20	3161	21¼	20⅞	21⅛	
27⅛	24¾	SaraLee x	0.68	2.7	52	5863	25¾	25⅜	25⅝	
45⅛	42	Scana Corp	2.88	6.6	13	280	43½	43⅛	43⅜	
16¾	14½	Sceptr	1.00	6.2	10	2864	16⅛	15¾	16	
11¼	8⅞	SchrdA	0.28	3.0	31	307	8⅞	d8⅝	8¾	
48¼	42⅞	SchererRP			28	207	45¾	45⅜	45½	
78⅛	71	SchPl	2.04	2.6	18	1482	78¾	77⅞	78¼	
57¾	50⅛	Schlmb x	1.20	2.1	25	4723	57½	56½	57	
31	22⅛	Schwab(C)	0.24	0.8	20	4381	u31⅛	29⅞	31	
10⅞	7⅞	Schwitzr			8	122	10⅜	10	10¼	
23¾	17½	SciAtl	0.08	0.3	29	1207	23	22¼	22¾	
18¼	16⅞	Scotman	0.10	0.6	12	40	u18¼	18⅛	18¼	
80¼	67¾	ScotP	0.80	1.0	22	5467	79½	78¾	78⅞	
30⅛	26⅞	Scripps	0.44	1.5	77	58	29	28⅝	28⅝	
21½	15	ScuddrNAsF	0.02	0.1		143	15⅜	d15	15	
9¾	8⅞	ScuddrNEuF	0.18	1.8		35	9⅛	9	9⅛	
14⅞	13½	SeaCnB	0.70	4.9	8	z100	14¼	14¼	14¼	
15½	15	SeaCL4625	1.46	9.5		30	u15½	d15	15⅜	
28	23⅝	S'gate			7	1970	24½	24	24½	
31	28⅜	Seagrm	0.60	2.0	14	1198	30⅞	30⅛	30⅛	
19¾	15¼	Seagull En			186	939	16¾	16¼	16¾	
42⅜	35⅞	Sealed Air			22	325	42	41	41½	
50⅞	44⅛	SearsR x	1.60	3.2	15	9853	50¾	49¾	50⅜	
12¾	10⅜	Seligm Sel	0.84	6.8		70	u12¼	12⅛	12⅛	
39⅞	27½	Sensormat	0.22	0.7	23	4230	29⅞	28½	29⅝	
30⅞	21⅞	SequaA	0.60	2.0	11	61	29¾	29⅛	29⅝	
32	29	SequaB	0.50	1.6	16	6	31¾	31¼	31¼	
29⅝	26¼	ServCp	0.44	1.6	18	924	28¼	27¾	28	
26	21½	SvMstr	0.92	3.8	13	746	24⅛	23¾	24	

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
67¼	61¾	TRW	2.00	3.1	12	1041	65⅛	64⅞	65⅛	
28⅞	22⅞	Taiwan Fd	0.02	0.1		177	23	22¾	22	
10¼	7⅜	Talleyrnd	0.42	4.4	74	424	10	8¾	9⅝	
15½	12½	Talley Pf	1.00	6.7		11	14⅞	14½	14⅞	
44¾	37⅞	Tmbrds	1.76	4.1	17	848	43⅝	43⅛	43⅛	
19¾	16	Tandem			10	12877	18⅝	d16	18⅜	
52⅛	44⅛	Tandy	0.72	1.6	15	4020	45	44⅝	45	
10⅛	9	Taurus Mun	0.68	6.8		34	10	9⅞	10	
3	2⅛	TCCInd			75	10	2¼	2¼	2¼	
22⅛	20	Teco Energ	1.01	4.8	15	503	21	20¾	20⅞	
38¾	31⅞	Tektrnx	0.60	1.8	13	1180	33⅝	32¾	32⅞	
25¾	24¼	TeleDn			2	2404	25⅛	25	25⅛	
23½	20	Teleyn	0.40	1.8	151	404	22⅝	22⅝	22¼	
38⅜	33¼	TelsfEspSA	1.09	2.9	7	2731	38	37⅜	37⅞	
41½	25¾	Telmex	1.61	5.7	45	2189	28¾	d25¾	28½	
51⅛	43⅞	Tmpl69 x	1.08	2.3	20	1818	47¾	47⅞	47⅝	
20¼	18¼	TempltEmMk	0.10	0.5		605	18⅞	18½	18⅝	
6⅞	6¼	TempltGlob x	0.60	8.9		96	6¾	6⅝	6¾	
6⅞	6⅜	TempltGlFd	0.60	9.1		659	6¾	6⅝	6⅝	
45⅞	42¾	Tenneco	1.60	3.6	13	4553	45½	44⅞	45	
28¾	25¾	Tesoro Ps	2.60	9.1	9	62	28⅝	28½	28⅝	
39	32⅞	Teradyne			20	2831	u39	38¼	39	
7⅛	5⅞	Terex	0.08	0.9	0	63	8½	8¼	8⅛	
13⅜	9¾	Terra Inds	0.08	0.6	13	4098	10⅝	9⅞	10⅛	
10⅝	8¾	Tesoro			13	254	10½	10⅛	10½	
64⅝	59¾	Texaco	3.20	5.0	18	4327	63⅞	63½	63¾	
35¾	30⅛	Texas Ind	0.40	1.3	9	373	32	31⅝	31½	
87	68⅞	TxInst	1.00	1.2	11	17871	u87	82⅞	86½	
18½	17	Texas Pac	0.40	2.3	10	14	17⅛	17⅛	17⅛	
35	31½	TxUtil	3.08	9.8	13	3083	32	d31½	32	
3⅜	2⅞	Textl Inds	1.10	36.7	4	485	3	3	3	
55⅝	48⅝	Textron	1.56	2.9	11	747	54⅛	53⅝	53⅞	
4¾	4⅛	Thackeray			206	2100	4⅛	d4⅛	4⅛	
17⅞	13⅛	Thai Cap	1.90	12.7		152	15	14¾	15	
24⅞	20⅞	Thai Fund	0.07	0.3		300	23⅞	22⅝	22¾	
48⅝	43⅞	ThermoElec	0.12	0.3	23	1015	48¾	47⅜	48	

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
9¾	8⅞	USLIFE Inc	0.80	8.8	0	20	u9¼	9⅛	9⅛	
18⅞	15¾	USX M	0.68	4.2	14	1229	16¼	16	16⅛	
38	31⅞	USX US	1.00	3.1	13	2450	32½	d31⅝	32¾	
10⅜	8	USX Delhi	0.20	2.4	3	134	8⅝	8⅛	8¼	
29½	28⅜	UtiliCorp	1.72	6.1	13	101	28½	28¼	28¼	

- V -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
52⅜	47⅛	VF Cp	1.36	2.7	12	1023	51⅜	50¾	50⅞	
18⅝	16¾	ValeroE	0.52	2.9		324	17⅞	17⅝	17¾	
8⅜	6⅝	Valhi Inc	0.08	1.0	45	37	7⅞	7¼	7¾	
8	5½	VanKamp HI	0.70	11.7		113	u6	5⅞	6	
8⅝	7⅞	VanKampMer	0.98	11.5		84	u8⅝	8⅛	8⅝	
11⅝	9⅞	VanKampMuM	0.84	7.5		114	u11⅜	11¼	11¾	
6⅜	6	Varco Intl			17	200	6⅝	6⅛	6⅛	
39¾	34½	Varian	0.28	0.7	15	2083	39¼	38⅝	39⅛	
37⅞	33⅝	Varity			15	1197	35¾	35½	35⅝	
13¾	11¾	Vestaur	1.08	8.4	9	9	12⅞	12⅞	12⅞	
60½	58½	VirEAP5.00 x	5.00	8.3		2	u60½	60¼	60¼	
55⅞	48⅛	Vishay Int			22	368	u55⅞	53⅞	55⅝	
24½	20	Vista Res			9	44	24¼	23⅞	23⅞	
32⅞	27¾	Vivra Inc			22	867	32⅝	32¼	32⅜	
33⅜	27¼	Vodafone	0.05	3.0	20	1077	31¾	31¼	31¾	
8¾	6⅛	Volunteer			8	33	8	7⅞	8	
20¾	17⅝	Von Cos			32	73	19⅞	19⅝	19¾	
36¾	33⅞	Vornado	2.24	6.4	19	130	35⅛	34⅞	34⅞	
53½	48⅛	VulcnM	1.48	2.7	19	256	53¾	53	53¼	

- W -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
24¼	16⅜	WMS Ind			21	248	21	20⅝	20⅞	
30⅞	27¾	WPL Holdin	1.84	6.0	13	38	29⅞	29	29¼	
20⅞	16⅛	Wabsn Inc			0	1177	19⅝	19	19¼	

- X - Y - Z -

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
113⅞	96½	Xerox	3.00	2.6	16	2573	u113⅞	112⅜	113½	
52½	44⅛	Xtra Corp	0.64	1.3	13	40	50	49¾	50	
22⅝	20⅝	Yankee Egy	1.22	5.6	11	14	21¾	21⅝	21⅝	
38⅞	34⅛	York Int	0.16	0.4	15	1001	38	37½	37⅞	
4⅛	3¼	Zapata	0.14	4.1	10	608	3½	3⅜	3⅜	
12⅛	7½	ZenithE			24	1286	8⅝	8¼	8¼	
22¾	20¾	Zenith Nat	1.00	4.7	10	15	21⅛	20⅞	21⅛	
6⅞	6⅛	Zenb Inc	0.76	11.9		71	u6⅞	6¼	6⅜	
14⅝	12⅝	Zero	0.44	3.2	15	37	13⅞	13⅝	13⅞	
19½	17½	Zurn Ind	0.88	5.0	67	305	17⅞	d17½	17½	
11¼	10⅜	Zweig Fund	1.04	9.6		195	10⅞	10¾	10⅞	
8¾	7⅞	Zweig Totl	0.84	9.7		803	u8¾	8½	8⅝	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extras. b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

OWING TO PROBLEMS AT TELEKURS, CLOSING PRICES FOR 18 AMERICAN PRICES FOR MARCH 6 WERE UNAVAILABLE FOR TODAY'S EDITION.

AMEX COMPOSITE PRICES

Mar 3-See footnote

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Champion		10	145	33⅜	33⅛	33⅜	
CircPh	0.04	21	662	17⅛	16⅞	16⅞	
Cnsl FdA	0.01		93	4½	4⅞	4⅞	
Cominco	0.30	9	4	15¾	15¾	15¾	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
NVR		14	z100	5⅞	5⅞	5⅞	
Pegasus G	0.10	6	686	10¾	10⅜	10⅜	
Pentrl	0.80	24	91	10½	10¼	10½	
Nat Ptnt		4	616	2¼	1⅞	1¹⁵⁄₁₆	
NY TmA	0.56	10	4429	21⅛	20⅝	21	
NumacE		25	6	5⅛	d5⅛	5⅛	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Xytronix		2	30	2⅞	2⅛	2⅛	

NASDAQ NATIONAL MARKET

Mar 3-See footnote

AMERICA

Currency and bond worries unsettle Dow

Wall Street

The continuing fall in the dollar and the weakness of the bond market combined to drive US share prices lower, *writes Maggie Urry in New York.*

At 1pm the Dow Jones Industrial Average was down 11.76 at 3,977.85. The Standard & Poor's 500 lost 2.20 at 483.22. The American Stock Exchange composite fell 1.78 to 451.71 and the Nasdaq composite fell 3.85 at 794.94. NYSE volume was 164m shares.

Shares were unsettled as the long bond traded around a point lower and the dollar fell to another new post-war low against the yen in the absence of further Federal Reserve intervention in the foreign exchange markets.

The weak currency raised the possibility that interest rates might be raised to protect it.

That, in turn, would threaten the hoped-for "soft landing" for the economy. Renewed concerns about Latin America also affected shares.

However, the Dow Jones index had rallied from the opening when it fell more 34 points in the first 15 minutes trading.

Fears of rising interest rates hit bank shares, with Citicorp down another $⅝ to $42. Bank of Boston, which has a large exposure to Latin America, fell $1 to $27⅛.

Among Latin American stocks, Telefonos de Mexico's American depositary receipts dropped $⅝ to $25⅞, and Telecom Argentina $⅝ to $29⅞.

Corporate news gave a push to some shares. Marriott International, the hotel group, rose $⅝ to $31⅞ after it said it was in talks to buy a minority stake in the Ritz-Carlton hotel chain for $150m to $200m.

Clark Equipment was $⅞ higher at $52⅞ after it said that the sale of its half share in VME Group, the construction equipment business, to Volvo for $573m would produce a gain of $270m or $15.50 a share.

Also bucking the trend was Deere, the farm equipment group, after a pay deal was agreed by the United Auto Workers union. The shares rose $¼ to $75½.

Luxottica American Depositary Receipts rose $1 to $32¾ on consideration of its bid last Friday for US Shoe, which owns the LensCrafters chain of opticians. US Shoe shares were up $¼ to $24½.

Harley-Davidson, the motorbike and recreational vehicle maker, fell $3 or 11 per cent to $23⅞, reacting to Friday's announcement that it was laying off workers in its Holiday Rambler motorhome business after sluggish sales in February, a month when sales normally rise.

America Online suffered profit-taking after last week's gains on the tie up with Bertelsmann of Germany. The shares fell $2 to $83¼.

Profit-taking was blamed for fall in technology stocks. Apple Computer fell $⅝ to $39⅞ and Digital Equipment $⅛ to $32½.

Canada

Toronto recovered from early weakness but remained under the cloud of US currency weakness at midday. The TSE-300 index was just 0.63 easier at 4,096.41 in 19.4m shares.

A C$1.1bn bid by Wallace McCain and the Ontario Teachers Pension Plan Board for Maple Leaf Foods created a slight flurry of activity. Maple Leaf shares rose C$1½ to C$14⅛.

Brazil drops 1.5 per cent

Sao Paulo dropped 1.5 per cent in thin, speculative midday trade after the central bank's move to formalise a flxible exchange rate band. The Bovespa index was down 461 at 29,419 at 1pm in turnover of R$81m ($93.5m).

Stocks prices reflected the view that the move would raise the price of imports but help Brazilian exporters.

Petrobras preferred dropped 4.4 per cent to R$75 while preferred stock in Vale do Rio Doce surged 5.9 per cent to R$126.

MEXICAN shares rose sharply in early trade, boosted by arbitrage operations as the new peso fell sharply against the dollar. The IPC index was up 6.95 at 1,526.47 by late morning, off an earlier 1,559.67.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995
Austria	+1.38	+5.17	-14.44	-3.99	-0.22	+3.62
Belgium	-1.02	-1.72	-10.05	-2.94	+0.17	+4.60
Denmark	-0.13	-1.48	-13.15	-0.92	+1.95	+5.87
Finland	-3.93	-8.89	-0.85	-7.75	-3.99	-0.30
France	-0.48	-1.73	-16.38	-3.64	-1.82	+1.96
Germany	-0.23	+2.51	-0.16	-0.72	+3.41	+7.39
Ireland	-2.09	-1.50	+2.24	+0.10	+0.63	+4.51
Italy	-0.01	-7.71	-1.63	-1.01	-6.66	-3.05
Netherlands	-1.38	-2.08	-3.19	-2.23	+1.54	+5.45
Norway	-3.05	-7.26	-10.80	-7.79	-5.22	-1.57
Spain	+0.16	-2.34	-14.00	-1.24	-1.20	+2.61
Sweden	-2.73	-3.43	+1.39	+1.02	-0.35	+3.49
Switzerland	-1.27	-0.07	-6.84	-1.71	+2.17	+6.11
UK	-0.48	-1.13	-8.07	-1.59	-1.59	+2.20
EUROPE	-0.70	-1.34	-7.41	-1.79	-0.50	+3.33
Australia	-0.55	+2.80	-6.96	-0.15	-8.37	-4.84
Hong Kong	+0.04	+11.46	-15.88	+2.40	-1.34	+2.46
Japan	-0.52	-5.80	-14.85	-12.66	-10.93	-7.51
Malaysia	+0.91	+9.02	-9.36	+1.78	-1.88	+1.90
New Zealand	-1.62	-1.09	-6.10	+3.99	-0.07	+3.78
Singapore	+0.28	+1.05	-2.53	-5.83	-8.57	-5.04
Canada	-0.73	-0.05	-2.48	-2.34	-5.83	-2.20
USA	-0.54	+1.29	+5.49	+5.84	+1.92	+5.84
Mexico	-2.34	-20.15	-35.33	-32.15	-46.68	-44.63
South Africa	+1.43	-1.80	+4.95	-11.74	-10.86	-7.43
WORLD INDEX	-0.56	-1.42	-5.60	-2.77	-3.66	+0.05

† Based on March 3rd 1995. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and NatWest Securities Limited

EUROPE

Further weakness in front line cyclicals

The divergence between European currency and domestic bond markets – Germany strengthening while France, among others, continued to weaken – was not matched in equities, *writes Our Markets Staff.*

FRANKFURT hammered its front line cyclicals as the Dax index, down 39.17 to 2,070.32 on the session, hit 2,060.61 after hours before recovering to an Ibis-indicated 2,069.95.

Turnover rose from DM5.7bn to DM6.7bn. In chemicals, BASF and Bayer fell DM7 to DM309 and DM6.50 to DM350.50 respectively. Germany's big three, arguably, are protected from dollar weakness since they export as much or more from the US as they send to it from Germany; but they are big exporters to other European countries, most of whose currencies have fallen substantially.

A weekend note from Merck Finck in Düsseldorf saw a high risk in carmakers where Daimler, with the highest dollar exposure via its aerospace business, dropped DM15.90 to DM678.50; and Volkwagen, particularly affected by D-Mark strength in Europe, by DM6.70 to DM388.30.

Merck Finck also forecast outperformance in financials. Bunds rose with the D-Mark yesterday and banks fell by less than average, Bayernhypo by just 40 pfg to DM390.10.

PARIS saw March bond futures fall 26 basis points on the Matif, and spreads widen considerably against bunds. Equities reacted and, in spite of a partial recovery from a new intraday low of 1,769, the CAC-40 index finished 21.99, or 1.2 per cent lower at 1,773.25 in turnover of FFr2.8bn.

The entente cordiale revived. Lyonnaise des Eaux closed FFr2 better at FFr436 after hitting FFr427 in an early reaction to its bid for Northumbrian Water of the UK. Credit Lyonnais rose FFr5.70 to FFr332.50 as Carlton Communications of the UK said that it was part of a consortium bidding for CL's MGM cinema chain subsidiary.

On the downside, falls of FFr5.60 to FFr197.40 for Michelin and FFr18 to FFr764 for Peugeot reflected worries about cyclicals; Schneider, the electrotechnical engineering group, dropped FFr10.20 to FFr355 as a decision on the restructuring of its construction subsidiary, Spie Batignolles, was delayed until April; Spie, which will need more provisions for its problems in real estate, fell 90 centimes to FFr180.60, having shot up to FFr196.50 on rumours that Schneider planned to absorb the company.

AMSTERDAM dealt carefully with ING's acquisition of the collapsed UK merchant bank, Barings. On a measured day for the AEX index, which recovered from a decline below the 400 level to close 3.48 lower at 402.12, Ing fell Fl 1.30, or 1.6 per cent to Fl 79.

ABN-Amro, ING's competitor for Barings, eased 50 cents to Fl 59.20. Elsewhere, one or two stocks remained resilient to dollar weakness: the publisher, Wolters Kluwer, rose 50 cents to Fl 123.30 and PTT Telecom by 40 cents to Fl 57.30.

ZURICH fell 1.5 per cent on futures and options related selling with Wall Street's weak opening adding to earlier dollar worries. The SMI index closed 38.4 lower at 2,548.1.

Pharmaceuticals encountered foreign profit-taking, leaving Roche certificates SFr105 lower at SFr6,675 and Ciba down SFr12 to SFr771.

Holderbank, the cement producer which has businesses in Latin America and the US, was SFr28 lower at SFr866.

Brown-Boveri, regarded by some as a dollar related share, was SFr37 down at SFr1,038, ahead of results tomorrow. Elektrowatt dipped SFr9 to SFr316 on the company's cautious outlook for 1995.

In banks, CS Holding lost SFr14 to SFr486 in further response to last week's results while UBS bearers fell SFr8 to SFr1,053. A SFr4 fall to SFr342 in SBC, with results due next week, was attributed to worries about a dividend cut.

MILAN clung to hopes that a solution would be brokered to the budget impasse and while the Comit index fell 6.65 to 622.71, a late improvement in mood was reflected in a 65 advance to 10,075 in the Mibtel index, after a day's low of 9,897.

Stet gained L68 to L4,638. Lehman Brothers commented that the company appeared undervalued by 14 per cent, relative to the sum of its parts: "for those investors willing to take the inherent market risk, we believe the returns for holding Stet will more than compensate."

San Paolo di Torino fell 3.6 per cent in immediate response to news that it would ask shareholders to authorise a capital increase. Subsequently, the shares recovered to finish L52 higher at L9,189 as the bank said that the first part of the call would take the form of a private placing.

Ambroveneto picked up L102 to L5,206 on continuing speculation that San Paolo would seek to raise its stake.

ISTANBUL came back from holiday to a fourth consecutive all time high, the composite index rising 1,190.29, or 3.9 per cent to 31,385.66. Turnover also hit a new peak of TL7,870bn, compared with a previous recover of TL7,680bn on February 20.

Brokers said that the customs union agreement with the EU, signed after market hours yesterday, had triggered a rally in export-oriented sectors.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Mar 6 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Clos
FT-SE Eurotrack 100	1267.72	1263.75	1262.14	1261.84	1259.49	1259.22	1260.13	1261.18
FT-SE Eurotrack 200	1355.67	1348.96	1345.49	1348.10	1343.35	1343.74	1344.73	1344.97

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27
FT-SE Eurotrack 100	1283.06	1296.79	1303.42	1283.53	1287.77
FT-SE Eurotrack 200	1381.12	1388.81	1368.14	1353.77	1359.77

Base 1000 (26/10/90); Highday: 100 - 1267.72; 200 - 1355.67 Lowday: 100 - 1257.79 200 - 1342.92 † Partial

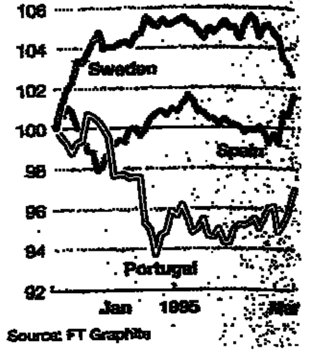
Iberian equities relatively strong

By Philip Coggan

The devaluation of the Spanish peseta and the Portuguese escudo yesterday did not result in a Mexico-style capital flight from Iberia.

In Madrid, turnover reached Pta48.4bn, its highest level of the year as the general index eased just 0.46 to 280.76. However, Mr Jason Maude, an analyst at Dillon, Read, said that the the devaluation was a typical European fudge and the market would have responded better had the peseta left the Exchange Rate Mechanism completely.

Indices relative to FT-A Europe (ex UK)



Source: FT Graphite

Shares in some utilities, such as Iberdrola, fell back because of their foreign currency debts but oil group Repsol, which declined on Friday after the government announced the sale of a further stake, rallied Pta20 to Pta3,690.

In Lisbon, analysts said the devaluation, an inevitable response to the Spanish move, appeared to have little effect on the market, with the BTA index losing just 1.1 points to 2,734.0.

However, the investors were nervous about markets with a perceived currency risk. In Stockholm, the Affärsvärlden General index dropped 31.8, or 2.13 per cent to 1457.50. With bond yields up sharply, interest-sensitive property and banking shares were particularly badly hit; Handelsbanken fell Skr2 to Skr88.

ASIA PACIFIC

Dollar's decline hits Nikkei and region

Tokyo

Activity declined sharply and share prices were flat as investors worried over the yen's rise to new highs against the dollar and over Friday's futures settlement, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 index rose 1.10 to 17,040.72 after a low of 16,849.92 and a high of 17,134.47. Share prices lost ground in early trading on lower futures prices, but overseas investors and domestic institutions were buying in small lots.

Volume totalled 213m shares, the lowest since January 17, the day of the Kobe earthquake in western Japan. Exporters were sold on fears of lower earnings as the dollar rose to the Y92 level but late bargain hunting supported some heavy electrical and auto issues.

Although the yen's appreciation failed to trigger heavy selling, analysts expected the negative impact to filter through in the near future. "As long as the yen continues to strengthen, hitting competitiveness and business confidence, the Nikkei will be weak," said DKB International in a recent report.

The Topix index of all first section stocks fell 0.69 to 1,361.65 and the Nikkei 300 declined 0.09 to 251.00. Losers led gainers by 509 to 488 with 166 unchanged. In London, the ISE/Nikkei 50 index fell 0.67 to 1,113.13.

Nissan Motor rose Y9 to Y693, investors welcoming reports that the company plans to cut as many as 7,000 employees over the next three years as a part of a cost cutting scheme. Nissan later refused to confirm the news, but buying spread to other companies in the sector. Hino Motors gained Y14 to Y774 and Isuzu Motors Y9 to Y435.

Banks were lower on index-linked selling. Industrial Bank of Japan fell Y40 to Y2,380 and Sakura Bank lost Y20 to Y1,150.

Traders pointed to fears of instability in the country's financial system, stemming from the prolonged debate over bailout of two credit unions.

In Osaka, the OSE average rose 39.13 to 19,062.78 in volume of 105.8m shares. Investors bought defensive stocks, with Ono Pharmaceutical up Y110 to Y4,740.

Roundup

The weak US dollar pressured many regional markets.

KUALA LUMPUR lost 2.7 per cent on foreign institutional selling as investors found no fresh stimulus after last week's unimpressive results from Telekom Malaysia last week.

The composite index closed 26.24 down at 953.40 as Telekom Malaysia lost 90 cents at M$17.00.

HONG KONG saw losses in quiet trading which left the Hang Seng index 91.24, or 1.1 per cent, lower at 8,093.91. Turnover fell to HK$1.9bn, compared with Friday's HK$2.5bn.

BANGKOK felt pressure from tight liquidity liquidity, and the SET index closed 26.60 lower at 1,235.73 as institutional investors liquidated holdings and turned to cash.

COLOMBO picked itself up from a 16 month low as recent corporate results, and Friday's announcement that the government had identified five areas with which to begin its privatisation programme in April rekindled foreign interest.

The all share index rose 17.39 to 850.46 as turnover rose from SLRs54.20m to SLRs96.5m.

SEOUL extended early gains, overcoming profit-taking on the way, to close higher for the third consecutive session.

The composite index advanced 14.29 to 933.44 on expectations of a fall in interest rates and with late institutional buying of shares in the Daewoo Group contributing to the upbeat mood.

Daewoo Electronics and Daewoo Heavy Industries went limit up, each gaining Won600 to Won11,300 and Won11,000 respectively on speculation that the group planned to buy back some of its stock.

SYDNEY was weak in response to Friday's fall in the US bond market and the All Ordinaries index ended 10.8 lower at 1891.6.

Industrials were weaker than resources, the mining sector supported by strong rises in base metal prices last Friday.

WELLINGTON saw weakness in leading shares, particularly in Carter Holt Harvey, which left the NZSE-40 Capital index 17.47 down at 1,963.03. Carter Holt Harvey lost 10 cents at NZ$3.34 with two institutions said to be heavy sellers.

TAIPEI was lower in thin trade on fears that the central bank might further tighten its monetary policy, in spite of a lower consumer price index in February.

The weighted index closed 55.80, or 0.9 per cent, lower at 6,474.94 in thin turnover of T$26.7bn.

BOMBAY overcame midsession doubts that the exchange authorities would reintroduce some form of forward trade and the BSE-30 shares index finished 12.40 higher at 3,540.76.

SHANGHAI's domestic A share index gained 42.014, or 7.1 per cent, to a high for this year of 636.508, on expectations that funds would return to the stock market after last week's crackdown on treasury bill futures trading.

SHENZHEN's A share index gained 5.96, or 4.4 per cent, to 140.93 in turnover that rose to Yn644m from Yn434m on Friday.

S Africa finds support

Johannesburg attracted late demand to end mostly better as volumes picked up following a sluggish start and early gold share losses. The Inkatha Freedom Party's decision to return to parliament also helped the mood.

The overall index was 8.4 better at 5,239.6, industrials gained 36.0 to 6,577.5 and golds added 16.6 to 1,495.6.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MARCH 3 1995								THURSDAY MARCH 2 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	163.34	-0.8	149.05	97.28	121.68	146.95	-1.0	4.01	164.61	153.56	100.11	124.96	148.40	180.82	157.95	171.46
Austria (16)	189.36	1.2	172.80	112.77	141.07	141.31	-0.6	1.15	187.18	174.61	113.84	142.09	142.13	198.89	167.46	186.01
Belgium (35)	176.17	1.8	160.76	104.92	131.24	128.32	0.0	4.30	173.08	161.46	105.26	131.38	128.37	177.04	161.53	164.24
Brazil (28)	118.68	-0.9	108.29	70.68	88.41	187.54	-0.2	1.77	119.76	111.72	72.83	90.91	187.93	-	-	-
Canada (103)	126.54	0.7	115.47	75.36	94.27	128.36	0.4	2.72	125.66	117.22	76.42	95.38	127.89	141.01	120.54	134.17
Denmark (33)	266.60	1.2	243.28	158.77	198.60	206.50	-0.7	1.49	263.37	245.68	160.17	199.92	207.90	275.27	236.61	261.69
Finland (24)	185.41	1.2	169.20	110.42	138.12	170.64	-0.7	1.19	183.21	170.91	111.42	139.07	171.88	201.41	133.88	148.05
France (101)	166.78	1.1	152.17	99.31	124.22	131.93	-0.5	3.26	164.88	153.81	100.27	125.16	132.64	181.44	157.79	173.10
Germany (58)	153.90	1.5	140.44	91.65	114.65	114.65	-0.4	1.83	151.63	141.45	92.22	115.10	115.10	153.90	129.25	129.25
Hong Kong (56)	334.15	-0.8	304.93	199.00	248.93	331.72	-0.8	3.85	336.75	314.14	204.80	255.63	334.28	419.14	277.40	397.47
Ireland (16)	215.54	0.4	196.68	128.36	160.57	188.35	-1.6	3.45	214.75	200.33	130.60	163.02	191.51	216.60	177.56	187.28
Italy (58)	72.99	-1.2	66.60	43.47	54.37	90.30	-1.5	1.72	73.84	68.88	44.91	56.05	91.65	97.78	67.25	73.08
Japan (484)	145.16	2.8	132.47	86.45	108.14	86.45	0.7	0.88	141.21	131.73	85.88	107.19	85.88	170.10	136.95	154.35
Malaysia (97)	488.50	0.1	445.77	290.92	363.91	479.80	0.0	1.77	488.07	455.30	296.83	370.50	479.80	594.76	398.16	504.70
Mexico (18)	784.15	-1.9	715.56	467.00	584.15	5174.09	0.0	2.10	798.94	745.29	485.88	606.47	5175.62	2414.12	752.84	2258.44
Netherland (19)	228.69	1.0	208.69	136.20	170.37	167.94	-0.8	3.58	226.43	211.22	137.70	171.88	169.24	228.89	191.29	198.06
New Zealand (14)	73.11	0.1	66.72	43.54	54.46	60.77	-0.7	4.85	73.08	68.17	44.44	55.47	61.21	77.20	62.05	69.45
Norway (23)	209.83	-0.3	191.47	124.96	156.31	180.46	-2.1	2.15	210.52	196.39	128.03	159.81	184.42	216.03	177.53	201.12
Singapore (44)	354.22	0.2	323.24	210.96	263.88	236.04	0.0	1.81	353.56	329.82	215.02	268.39	236.04	401.38	294.66	332.30
South Africa (59)	311.69	0.6	284.42	185.62	232.19	264.67	-0.1	2.56	309.77	288.97	188.39	235.14	265.07	342.00	205.55	248.83
Spain (38)	135.40	0.5	123.55	80.63	100.86	129.96	-1.1	4.37	134.78	125.73	81.97	102.31	131.43	150.21	124.87	142.49
Sweden (48)	239.18	0.0	218.26	142.44	178.18	256.94	-1.1	1.87	239.16	223.10	145.45	181.54	259.74	247.40	196.70	214.09
Switzerland (47)	175.28	1.1	159.94	104.38	130.57	131.73	-1.1	1.85	173.38	161.73	105.44	131.61	133.21	175.28	149.91	159.23
Thailand (46)	143.90	-2.3	131.31	85.70	107.20	139.06	-2.4	3.06	147.22	137.34	89.54	111.76	142.45	-	-	-
United Kingdom (204)	199.11	1.8	181.69	118.58	148.33	181.69	-0.4	4.34	195.53	182.40	118.92	148.43	182.40	205.58	161.11	199.28
USA (513)	198.73	0.1	181.35	118.35	148.05	198.73	0.1	2.85	198.62	185.28	120.79	150.77	198.62	199.82	178.95	188.39
Americas (862)	181.72	0.1	165.82	108.22	135.37	152.46	0.1	2.82	181.61	169.41	110.45	137.86	152.36	-	-	-
Europe (720)	174.58	1.2	159.31	103.97	130.05	147.92	-0.6	3.21	172.45	160.87	104.87	130.90	148.87	176.01	160.59	166.93
Nordic (128)	231.23	0.4	211.00	137.71	172.25	207.60	-1.0	1.72	230.30	214.84	140.06	174.82	209.78	235.72	197.70	208.31
Pacific Basin (809)	153.57	2.3	140.14	91.46	114.40	86.30	0.5	1.26	150.18	140.09	91.33	114.00	85.87	176.86	145.93	163.70
Euro-Pacific (1529)	162.23	1.8	148.04	96.61	120.85	116.18	0.0	2.13	159.36	148.66	96.92	120.97	116.22	175.14	154.73	164.89
North America (616)	194.26	0.1	177.27	115.69	144.71	193.97	0.1	2.84	194.10	181.07	118.04	147.34	193.83	195.38	175.67	185.02
Europe Ex. UK (516)	157.38	0.9	143.61	93.73	117.24	127.94	-0.8	2.57	155.97	145.49	94.85	118.39	128.93	158.12	144.12	146.35
Pacific Ex. Japan (325)	235.85	-0.5	215.23	140.46	175.70	208.90	-0.7	3.26	237.09	221.17	144.19	179.97	210.26	273.13	211.19	254.94
World Ex. US (1737)	162.28	1.7	148.08	96.64	120.89	119.12	0.0	2.15	159.55	148.83	97.03	121.11	119.16	176.65	155.42	166.26
World Ex. UK (2046)	170.66	1.0	155.73	101.64	127.13	138.82	0.0	2.20	168.93	157.59	102.74	128.23	138.76	178.59	163.46	170.04
World Ex. Japan (1766)	189.71	0.5	173.12	112.98	141.32	177.39	-0.2	2.99	188.84	176.16	114.84	143.35	177.83	192.00	178.34	184.25
The World Index (2250)	173.16	1.1	158.01	103.12	128.99	142.67	0.0	2.41	171.27	159.77	104.16	130.01	142.67	180.80	165.92	172.60

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